Sarla Performance Fibers Ltd.
304, Arcadia, 195, Nariman Point, Mumbai 400021
(O)+91 22 2283 4116/6632 4038
(O)+91 22 4032 2786-4032 2795
(F) +91 22 2285 1728
info@sarlafibers.com
CIN : L31909DN1993PLC000056

SARLA PERFORMANCE FIBERS

100% EOU
www.sarlafibers.com

14th October, 2017

SPFL/ 2017-2018

BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring,
Phiroze Jeejeebhoy Towers, Dalal Street,
Fort, Mumbai – 400001
Fax No.: 2272 3121 / 2272 2037
Security Code: 526885

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400051
Fax No.: 2659 8348 / 2659 8237
Symbol: SARLAPOLY

Subject: 24th Annual Report for F.Y. 2016-17

Dear Sir / Madam,

Pursuant to Regulation 34(1) of SEBI (LODR) Regulations, 2015, we are forwarding herewith 24th Annual Report of the Company duly adopted by the Member in their Annual General Meeting held on 29th September, 2017.

Kindly display the same on the website of the Exchange for the information of the general public as well as members of the Stock Exchange.

For Sarla Performance Fibers Limited

Mahendra Sheth
CFO and Company Secretary

Sarla Performance Fibers Limited Mumbai

Encl.: As above

Regd. Off. & Works 1:
Survey No. 59/1/4.
Amli Piparia Industrial Estate,
Silvassa - 396 230, U.T. Dadra & Nagar Haveli
(O) +91 260 3290467
(F) +91 260 2631356
silvassa@sarlafibers.com

Works 2:
Survey No. 64/2/3/4,61/1,61/2,62/5,63/5,63/7,
Amli Piparia Industrial Estate,
Silvassa - 396 230, U.T. Dadra & Nagar Haveli
(O) +91 260 3290467
(F) +91 260 2631356
silvassa@sarlafibers.com

Vapi Works:
Shed No. A1/48,
100 Sheds Area,
GIDC, Vapi - 396 195 (Gujarat)
(O) +91 260 3290953
(F) +91 260 2453507
vapi@sarlafibers.com

SARLA
PERFORMANCE FIBERS

24th ANNUAL REPORT 2016-17

quality certifications

भारत सरकार
GOVERNMENT OF INDIA
वाणिज्य एवं उद्योग मंत्रालय
MINISTRY OF COMMERCE & INDUSTRY
विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF FOREIGN TRADE
मान्यता प्रमाण पत्र
Certificate of Recognition
दो सितारा निर्यात सदन
TWO STAR EXPORT HOUSE

मैसर्स सारला परफॉर्मेंस फाइबर्स लिमिटेड, सर्वे नं. 59/1/4, अमली पिपरिया इंडस्ट्रियल इस्टेट, सिलवासा - 396 230
(आई ई सी 0993057267 और आयकर पैन AABCS1322B)
को विदेश व्यापार नीति, 2015–2020 के प्रावधानों के अनुसार दो सितारा निर्यात सदन का स्तर प्रदान किया जाता है। यह प्रमाण पत्र, प्रक्रिया पुस्तक (2015 –2020) के पैरा 3.20 (बी) में दी गयी शर्तों के निहित 5 वर्षों की अवधि के लिए दिनांक 1/4/2015 से 31/3/2020 तक वैध होगा।

M/s. Sarla Performance Fibers Ltd., Survey No. 59/1/4, Amli Pipariya Industrial Estate, Silvassa - 396 230
(IEC 0993057267 and Income Tax PAN AABCS1322B)
are hereby accorded the status of Two Star Export House in accordance with the provisions of the Foreign Trade Policy, 2015-2020. This Certificate is valid for a period of 5 (five) years effective from 1/4/2015 to 31/3/2020 subject to the conditions prescribed in Para 3.20(b) of the Hand Book of Procedures (2015-2020).

सं./No. B/ 3865
तारीख/Date : 07/10/2016
स्थान/Place : Mumbai
SEAL
अपर/संयुक्त/उप महानिदेशक,
विदेश व्यापार/विकास आयुक्त (एस.ई.ज़ेड.)
Additional/ Joint/ Deputy Director General of Foreign Trade/ Development Commissioner (SEZ)
(फाइल सं./File No.) तारीख/Date :
SEZ-SD/TA-II/08(43)/07-08/Vol. 24

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.

SGS
Certificate IN14/04764

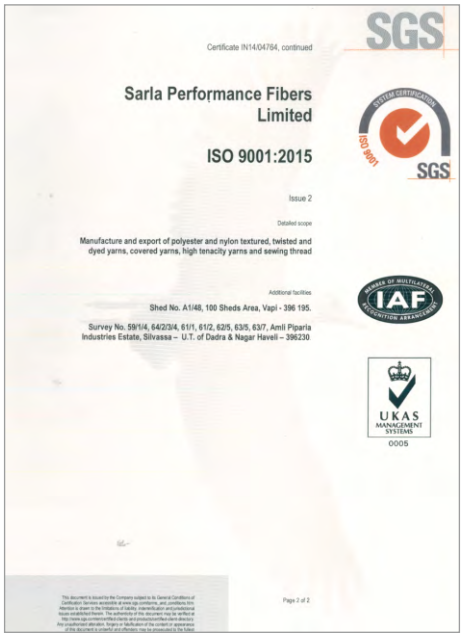
The management system of
Sarla Performance Fibers Limited
HO - 304, Arcadia 195, Nariman Point, Mumbai - 400021, India
has been assessed and certified as meeting the requirements of
ISO 9001:2015
and the following sites:
The scope of registration appears on page 2 of this certificate.

This certificate is valid from 4 July 2017 until 2 June 2020
And remains valid subject to satisfactory surveillance audits.
Re certification audit due before 2 April 2020
Issue 2. Certified since 3 June 2014

This is a multi-site certification
Additional site details are listed on the subsequent page.

Authorised by
SGS United Kingdom Ltd
Rossmore Business Park, Ellesmere Port, Cheshire CH65 3EN, UK
t +44 (0)151 350 6666 f +44 (0)151 350 6600 www.sgs.com
IAF SGS 9001 2015 2017 162
Page 1 of 2

ISO 9001 SGS
IAF
UKAS MANAGEMENT SYSTEMS 0005



SGS
Certificate IN14/04764, continued

Sarla Performance Fibers Limited

ISO 9001:2015

Issue 2

Detailed scope

Manufacture and export of polyester and nylon textured, twisted and dyed yarns, covered yarns, high tenacity yarns and sewing thread

Additional facilities

Shed No. A1/48, 100 Sheds Area, Vapi - 396 195.

Survey No. 59/1/4, 64/2/3/4, 61/1, 61/2, 62/5, 63/5, 63/7, Amli Piparia Industries Estate, Silvassa – U.T. of Dadra & Nagar Haveli – 396230

ISO 9001 SGS
IAF
UKAS MANAGEMENT SYSTEMS 0005
Page 2 of 2

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

HOHENSTEIN Textile Testing Institute GmbH & Co. KG
Schloss Hohenstein, 74357 Bönnigheim, Germany

OEKO-TEX®
CONFIDENCE IN TEXTILES

CERTIFICATE

The company

Sarla Performance Fibers Ltd.
304, Arcadia, Nariman Point
Maharashtra, Mumbai - 400021, INDIA

OEKO-TEX® CONFIDENCE IN TEXTILES
STANDARD 100
07.JA.51126 HOHENSTEIN HTTI
Tested for harmful substances
www.oeko-tex.com/standard100

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report **17.0.04799**

for the following articles:

Yarns made of 100 % polyester and their blends with elastane (spandex) or rubber, raw white, white and disperse dyed as well as made of 100 % polyamide and their blends with elastane (spandex) or rubber, raw white, white and acid or acid/metal complex dyed; produced by using material certified according to STANDARD 100 by OEKO-TEX®.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Appendix 4, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Appendix 4 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.) as well as the American requirement regarding total content of lead in children's articles (CPSIA, with the exception of accessories made from glass).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 07.JA.51126 is valid until 30.04.2018

Boennigheim, 23.05.2017

Dipl.-Ing. (FH) Elisabeth Weisheit
Head of Certification Body Oeko-Tex®

OEKO-TEX® Association | Gartenstrasse 23 | P.O. Box 2080 | CH-8027 Zurich

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

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14.9 MW of wind and solar capacity

Disclaimer: Caution regarding forward-looking statements This Annual Report contains statements about expected future events and financial and operating results of Sarla Group, which are forward-looking. By their nature, forward-looking statements require the company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. 'The Sarla Group' (or "company") includes reference to the Sarla Performance Fibers Ltd, its subsidiaries and Associates of Sarla Performance Fibers Ltd.

corporate details

Board of Directors

MADHUSUDAN JHUNJHUNWALA - Chairman & Whole-time Director

KRISHNAKUMAR M. JHUNJHUNWALA - Managing Director

ARUN VAID - Director

PARANTAP DAVE - Director

NEHA JHUNJHUNWALA - Director

JIGAR A SHAH - Director

Chief Financial Officer & Company Secretary

MAHENDRA SHETH

Auditors

M/S. SUNDARLAL,
DESAI & KANODIA,
Chartered Accountants,
Mumbai, India

Bankers

CITIBANK N.A.

STANDARD CHARTERED BANK

DBS BANK LTD.

INDUSIND BANK LTD.

YES BANK LTD.

BANK OF BAHRAIN & KUWAIT, B.S.C.

ALLAHABAD BANK

PT BANK MAYBANK INDONESIA

Registered Office

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

Investors services e-mail id:

investors@sarlafibers.com

Corporate Office

304, Arcadia, Nariman Point,
Mumbai - 400 021, India
www.sarlafibers.com

Plants

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

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

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

Registrars & Transfer Agents:

delivering value over a decade

Profit & Loss And Balance Sheet	2006 03	2007 03	2008 03	2009 03	2010 03	2011 03	2012 03	2013 03
Equity Paid Up	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95
Networth	42.93	51.34	63.84	74.47	89.17	108.24	124.41	142.46
							20%	**19%**
Capital Employed	61.52	80.7	106.37	113.44	126.10	155.84	189.52	256.72
Gross Block	43.66	48.55	69.91	76.85	90.83	113.11	125.07	153.23
Net Working Capital (Incl. Def. Tax)	24.66	38.81	51.89	60.13	62.82	77.54	97.99	113.86
Net Sales	86.09	98.51	122.33	135.59	155.33	193.02	222.65	258.69
10 year sales CAGR							**22%**	**18%**
PBIDT	18.42	20	24.57	24.89	29.57	35.95	34.52	47.61
10 year EBIDTA CAGR							**25%**	**20%**
PAT	11.32	11.38	15.22	12.72	16.91	22.53	18.92	27.98
10 year net profit CAGR							**33%**	**21%**
Book Value (Unit Curr)	61.77	73.87	91.85	107.15	128.30	155.73	179.00	204.97
10 year book value CAGR							**23%**	**21%**
Market Capitalisation	89.59	81.45	94.52	23.87	61.92	78.54	69.29	100.78
10 year MCAP CAGR							**30%**	**32%**
EPS (annualised) (Unit Curr)	15.87	15.96	21.89	18.30	24.34	32.42	27.22	40.25
Dividend (annualised%)	30.00	30.00	35.00	35.00	35.00	45.00	50.00	60.00
Payout	2.085	2.085	2.43	2.43	2.43	3.13	3.48	4.17
Payout (%)	18.95	18.85	15.98	19.12	14.38	13.88	18.37	14.90

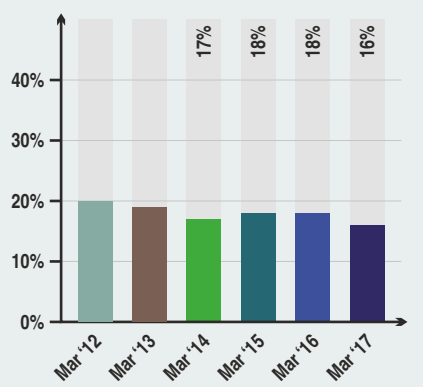
Key Ratios	2006 03	2007 03	2008 03	2009 03	2010 03	2011 03	2012 03	2013 03
Debt-Equity Ratio	0.46	0.51	0.67	0.52	0.42	0.44	0.52	0.80
Long Term Debt-Equity Ratio	0.03	0.00	0.01	0.02	0.05	0.11	0.08	0.31
Current Ratio	1.07	1.15	1.22	1.42	1.55	1.73	1.56	1.53
Turnover Ratios								
Fixed Assets Ratio	2.12	2.20	2.07	1.85	1.85	1.89	1.87	1.86
Inventory Ratio	7.06	6.54	5.09	4.64	5.22	4.41	4.31	4.47
Debtors Ratio	4.47	4.23	3.43	4.92	3.59	3.79	3.70	4.43
Interest Cover Ratio	9.54	7.58	10.36	6.52	10.07	15.43	7.90	8.06
PBIDTM (%)	20.8	19.76	17.68	15.47	16.01	16.09	14.77	18.40
PBITM (%)	17.87	16.85	14.03	11.60	12.43	12.66	11.33	15.22
PBDTM (%)	18.92	17.53	16.10	13.25	14.47	15.10	13.50	16.72
ROCE (%)	28.18	23.99	22.18	18.41	20.47	21.21	15.72	17.47
RONW (%)	29.46	24.14	26.43	18.39	20.67	22.83	16.25	20.96
Debtors Velocity (Days)	63.00	70.00	105.00	100.00	98.00	92.00	99.00	80.00
Creditors Velocity (Days)	49.00	57.00	49.00	44.00	49.00	52.00	78.00	40.00

(Rs. in Crores)

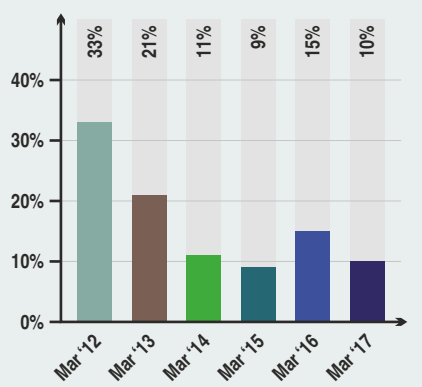
2014 03	2015 03	2016 03	2017 03
6.95	8.35	8.35	8.35
169.15	229.71	261.82	293.62
17%	18%	18%	16%
402.41	488.45	530.08	553.74
258.07	266.64	291.75	380.76
114.58	202.16	206.72	163.42
261.82	312.05	297.65	304.78
14%	14%	12%	10%
55.61	61.31	72.73	81.15
13%	13%	14%	13%
27.75	27.93	45.04	41.08
11%	9%	15%	10%
243.37	275.09	313.55	351.63
21%	19%	18%	17%
117.63	309.13	527.32	492.67
26%	22%	19%	20%
39.93	37.58	5.39	4.92
75.00	80.00	1.05	1.10
5.21	6.68	8.77	9.19
18.79	23.92	19.47	22.36

2014 03	2015 03	2016 03	2017 03
1.38	1.13	1.02	0.89
0.94	0.60	0.61	0.40
1.50	1.49	1.55	1.41
1.27	1.19	1.07	0.91
3.37	4.18	3.21	3.88
3.91	4.16	3.82	3.19
6.50	7.35	8.85	8.88
20.54	18.94	24.43	26.63
16.48	14.46	19.24	20.77
18.01	16.95	22.26	24.29
13.53	10.51	10.11	8.63
17.81	14.00	18.33	14.79
93.00	88.00	114.00	94.00
67.00	73.00	85.00	87.00

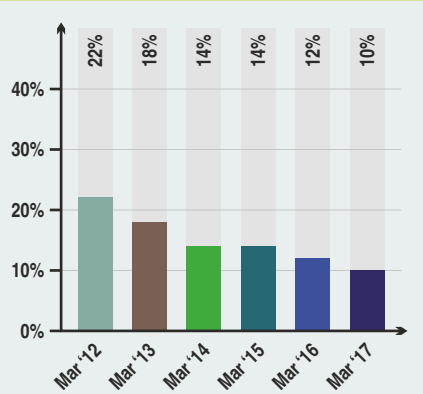
Net Worth



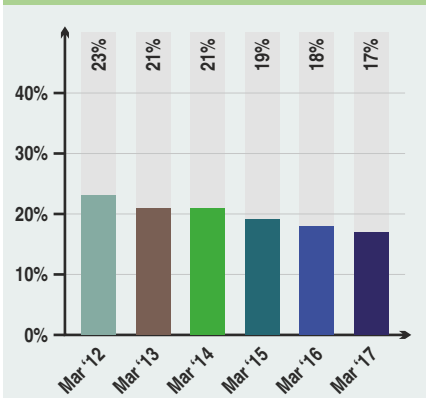
10 year net profit CAGR



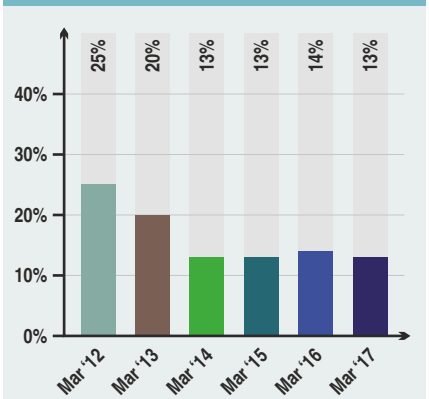
10 year sales CAGR



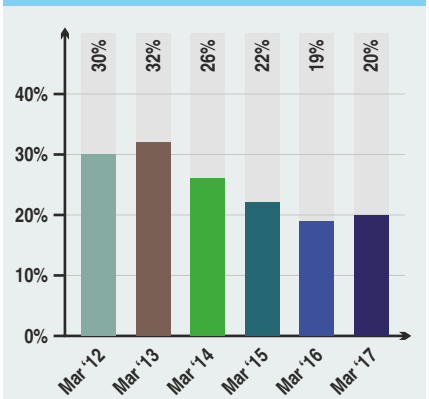
10 year book value CAGR



10 year EBIDTA CAGR

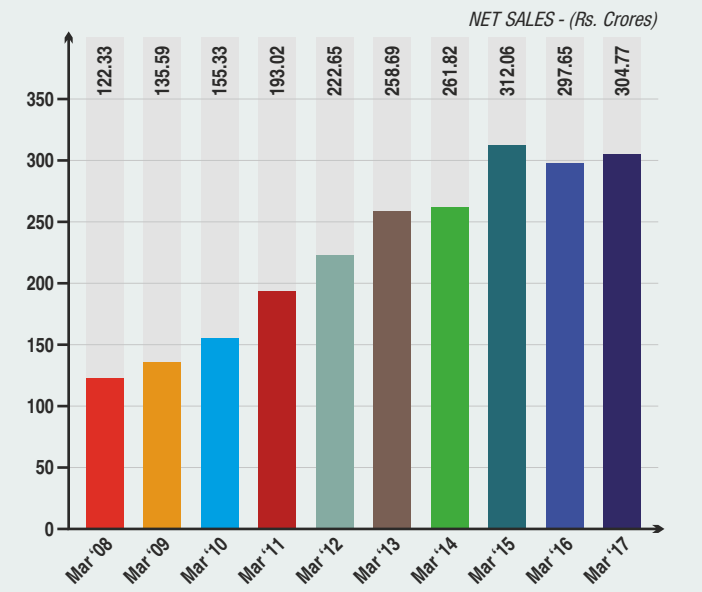


10 year MCAP CAGR

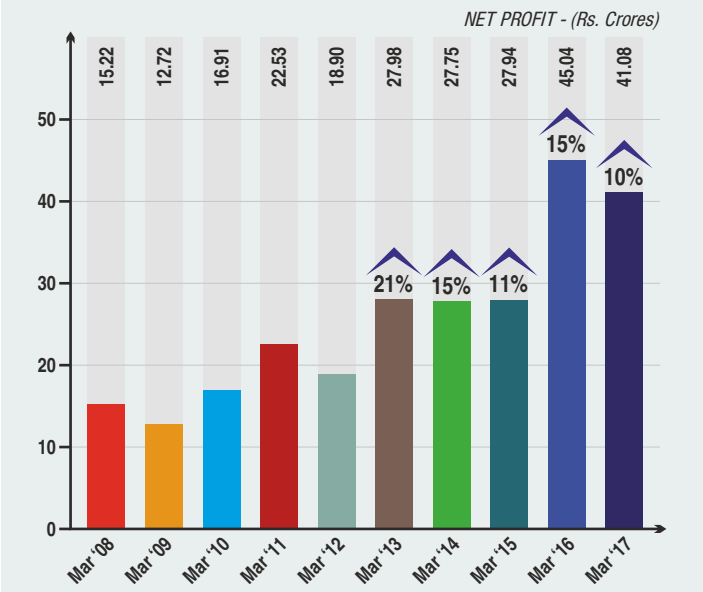


performance

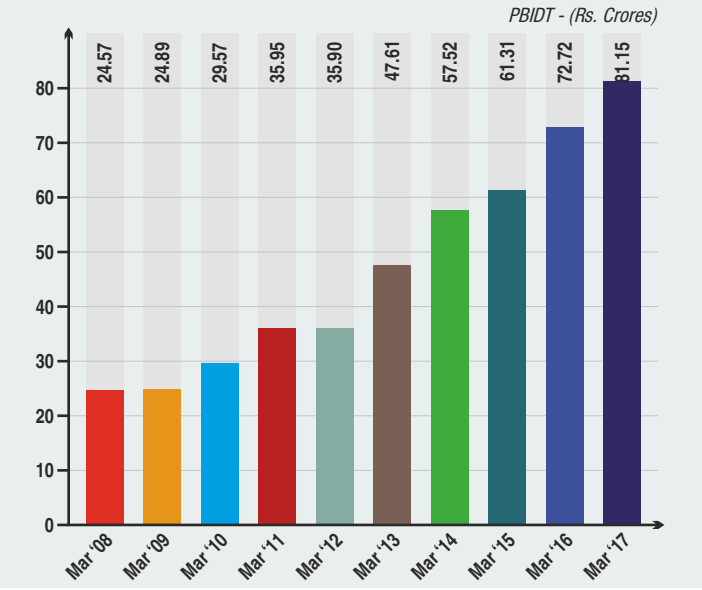
SALES



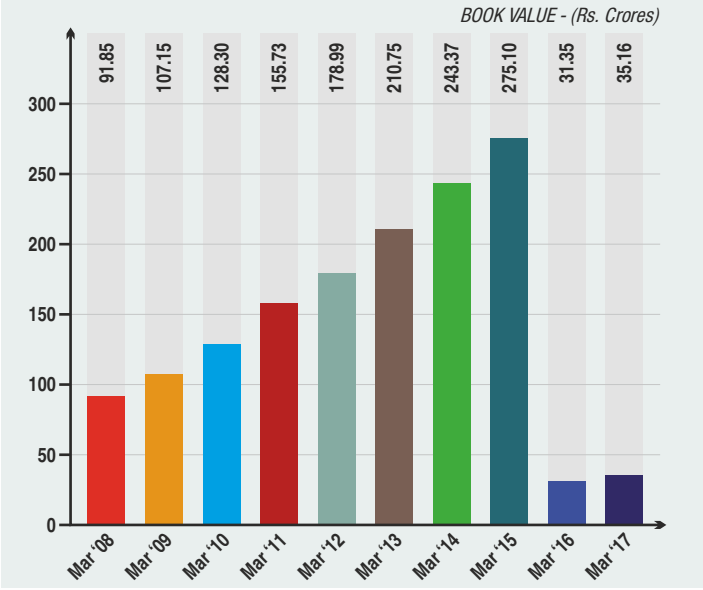
NET PROFIT



EBIDTA

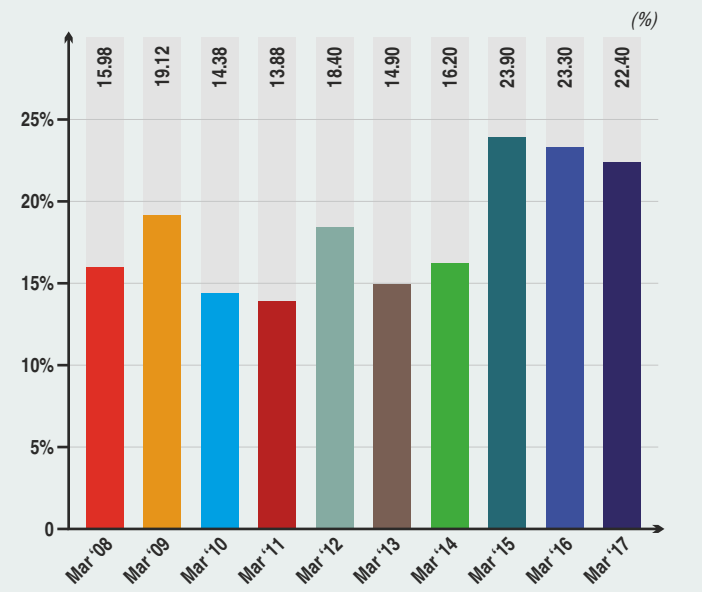


BOOK VALUE

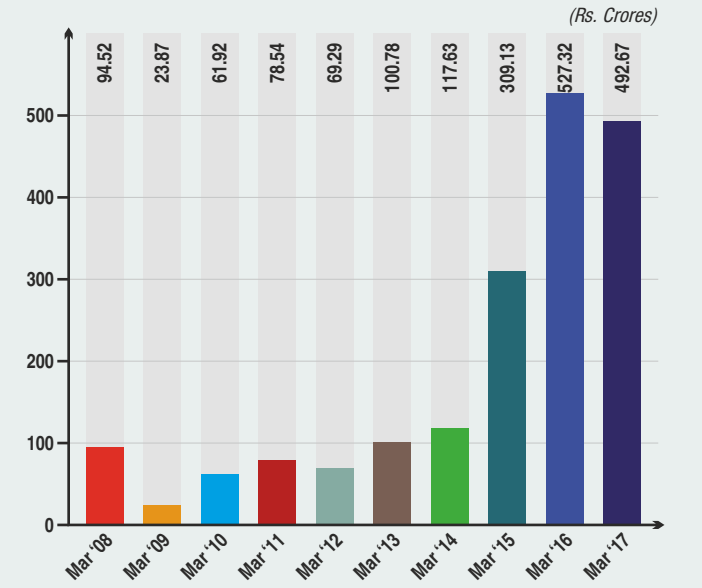


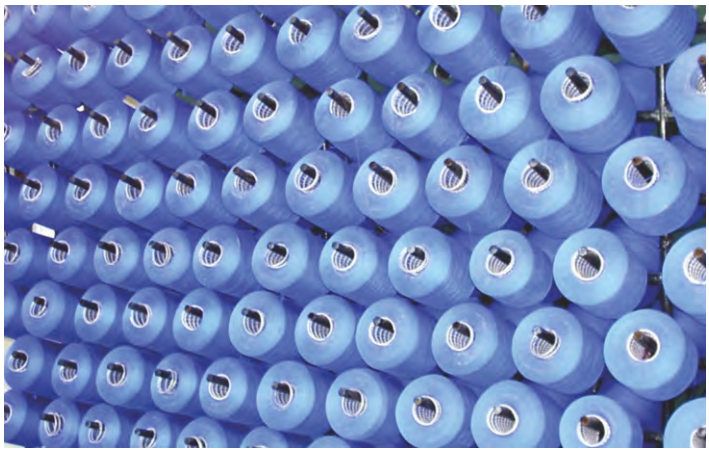
**Reduction in book value due to subdivision of shares w.e.f. 29th October, 2015*

DIVIDEND PAYOUT



MARKET CAPITALIZATION





global presence

105 Customers, in 44 Countries

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

global presence

turnover break up (geographical)

South, North & Central America	17.60%
Middle East & Europe	40.25%
Africa	3.82%
Asia Pacific	38.33%
	100.00%

from the desk of managing director

Dear Stakeholders,

Greetings. I am pleased to write to you after a year of quiet but robust performance by your company. Our revenue and profits remained flattish but we made progress on reducing the losses at the US plant which should be visible in the coming year. During the year, we continued to add clients in India using our direct presence and investment in the US. Some of our key clients in the US have placed regular orders on us in India even as the ramp up in US could not meet our own expectations.

Our EBIDTA rose marginally over the previous year supported by a) improved product mix with more demand for high value added polyester and nylon yarns, b) increased domestic sales due to de-bonding of our Vapi facility and c) additional investment of plant and machinery to aid productivity at both Vapi and Silvassa units.

As per our annual report theme for the year, we believe in 'Advance, Consolidate' as a mantra to grow. None of these mantra will work in isolation. We have invested relentlessly from FY12-13 onwards in new locations, plant and machinery, Renewables, land for opportunistic development and sale. This year, we shall take a pause from investments and would look to bolster our cash balances as well as monetize some surplus investments.

This year, is a one of transition for the Indian economy due to the historic implementation of GST from 1 July, 2017. For us and our customers also there is a change happening due to this factor. We are fully prepared for this radical reform by the Indian government but it will take a few quarters for the industry to absorb. The rate of tax and input credit, especially for the textile industry are not exactly the most favorable but in the long run the system has a lot of efficiency and transparency benefits.

We are cognizant of becoming more a more alert corporate citizen and enhance our contribution to the society at large while focusing on our profitability. Last few years, we invested in the 'Green growth' with our renewable capacity at near 15 MW and total investment of INR 993.45 mn. This year, we have identified to spend INR 5.99 mn on the corporate social responsibility, in the area of healthcare in the state of Maharashtra.

Last but not the least, we will maintain a big focus on increasing cash generation from Operations in this year and take

restructuring measures where necessary to improve the efficiency of capital deployed. We slightly increased dividend last year despite flattish profit because we remain committed to delivering value to all stakeholders and will always be in pursuit to reward them.

In conclusion, I remain an eternal optimist and believe that the best for your company is yet to come.

We shall Advance, Consolidate and Grow.

KRISHNAKUMAR JHUNJHUNWALA
MD & CEO

achievements

2006

A change in the company's name from Sarla Polyester Limited to Sarla Performance Fibers Limited (SPFL).

Established its 1st joint venture overseas in Honduras, Central America under the name Savitex S.A. de C.V.

Set up a spinning plant for conversion of nylon chips into high tenacity nylon 6 and nylon 66 industrial yarns.

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).

Expanded production capacities in Silvassa.

2009

Established a joint venture in Portugal, Sarla Europe LDA.

2010

Installed first windmill in Gujrata.

2011

Started joint venture operations in Turkey.

Installed windmills in Satara, Maharashtra.

Total wind power generation capacity of 3.25 MW.

2012

2 more windmills of 2 MW in September 2012.

2013

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

2014

Started commercial production of POY from a green field plant at South Carolina, USA in January 2014. Total wind power generation capacity of 3.25 MW.

2015

Raised Rs. 46.69 Crores by placing Equity Shares at premium to Qualified Institutional Buyers (QIBs) Total wind power generation capacity of 3.25 MW.

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.

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.

Dear Members,

Your Directors are pleased to present the Twenty Fourth Annual Report on the business operations together with the Audited Financial Statements for the financial year ended 31st March, 2017 and on the state of affairs of the Company as on the date of this report.

Corporate Overview

Sarla Performance Fibers Limited ("Your Company") is engaged in the business of Specialty Yarn from Last 23 Years having with 2 Manufacturing Plants at Silvassa, UT of Dadra & Nagar Haveli and 1 Dyeing Plant at Vapi, Gujarat and Wholly Owned Subsidiaries (WOS) at British Virgin Islands (BVI) and United States of America (USA) with Group's Corporate Office situated at Mumbai.

FINANCIAL SUMMARY HIGHLIGHTS

The highlights of the performance of the Company for the year ended March 31, 2017 is summarized below: (Rs. in Lacs)

Particulars	Financial Year ended March 31, 2017	Financial Year ended March 31, 2016
Sales & Operations	27,367.21	25,594.13
Less: Excise Duty	(1,413.17)	(1,250.39)
Net Sales	25,954.04	24,343.73
Add: Other Income	2,026.98	2,181.88
TOTAL INCOME	**27,981.02**	**26,525.61**
Profit Before Interest, Depreciation & Tax	7,446.35	7,197.69
Less: Finance Cost	579.11	508.07
Less: Depreciation & amortization	1,243.55	1,014.40
PROFIT BEFORE TAX	**5,623.69**	**5,675.21**
Less: Provision for Taxation		
- Current	(707.40)	(1,207.10)
- Deferred	(772.60)	202.27
- Earlier Years	–	–
- MAT credit Entitlement	–	–
NET PROFIT AFTER TAX	**4,143.69**	**4,265.83**
Balance bought forward	8,816.77	6,836.62
Excess provision for Dividend distribution tax written back	42.49	269.59
Effect of Change in Method of Depreciation	–	–
AMOUNT AVAILABLE FOR APPROPRIATION	13,002.95	11,372.04
APPROPRIATION:		
- Proposed Dividend	918.53	208.75
- Interim Dividend Paid	–	668.02
- Dividend Tax	186.99	178.49
- Transfer to General Reserve	–	1,500.00
BALANCE CARRIED FORWARD	**11,897.43**	**8,816.77**

BUSINESS PERFORMANCE:

Operations: During the year under review the sales of the Company were Rs. 27,367.21 Lacs as against Rs. 25,594.13 Lacs in 2015-16 witnessing an increase of 6.93 %. The FOB value of exports stood at Rs. 14,635.78 Lacs compared to Rs 15,193.24 Lacs in 2015-16.

Profitability: The profit before Depreciation, Interest & Tax was Rs. 7,446.35 Lacs as compared to Rs. 7,197.69 Lacs in the previous year, after providing for depreciation of Rs. 1,243.55 Lacs (Previous Year Rs. 1,014.40 Lacs) & provision for taxation of Rs. 707.40 Lacs (Previous Year Rs. 1,207.10 Lacs), there was a net profit of Rs. 4,143.69 Lacs as compared to Rs. 4,265.83 Lacs in the Previous Year.

MANAGEMENT DISCUSSION & ANALYSIS:

This section of the Directors' Report has been included in adherence to the spirit enunciated in the Code of Corporate Governance approved by the Securities and Exchange Board of India. Statements in this Management and Discussion Analysis describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

Error is discipline through which we advance. - William Ellery Channing

A. Business Overview

Economy: Global economy growth continued to stagnate following slow trades, low investments and policy uncertainties in advanced economies. Major global events during the year included United Kingdom's decision to leave the European Union and the outcome of presidential elections in United States of America both the events are expected to have long-term effects on the global economy. Global growth in 2016 was estimated at 3.1% and is projected to rise to 3.5% in 2017. Growth in emerging markets and developing economies is expected to pick up in 2017 on the back of fiscal stimulus measures in developed economies and narrowing of divergence between commodity exporters and importers. The main factors that could possibly weigh on the medium-term growth prospects across many emerging markets and developing economies are weak investments, below par levels of productivity coupled with heightened policy uncertainty, and protectionist pressures.

India emerged as a 'bright spot' in an otherwise subdued world economy when it overtook China in 2015-16 as the fastest- growing major economy in the world. Though India's fundamentals still remain strong, the recent demonetization initiative undertaken by the Indian Government is expected to lowered India's GDP growth from 7.6% in FY16 to 7.1% in FY17. The IMF mentioned that this cash shortage and slowed private consumption would only be a temporary disruption and the otherwise healthy economy will return to familiar territories post the predicted slowdown in FY17. The Indian Government's decisive policy movement towards ensuring fiscal consolidation and pegging back inflation will help it maintain economic stability in the years ahead. The cut in interest rates by the Indian Central bank during FY 18 remains another potential positive growth driver.

Business Overview: Sarla Performance Fibers Limited is a leading exporter of Regular as well as High Tenacity Polyester and Nylon Yarns. It started operations 23 years ago as a commodity manufacturer of Man Made Fiber but transformed 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. Its state of the art 30 tons per day POY plant in Walterboro, South Carolina in the US is operating at 30% plus capacity. The company exports to 45 countries.

SPFL also owns Wind Power Capacity of 14.75 MW in totality, located in different stats ie. 6 MW is in the state of Maharashtra, 5.75 MW in the states of Gujarat and 3 MW in the state of Madhya Pradesh. Our plant load factor for the fiscal year 2017 was about 23%.

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 Yarn.
4) Regular Yarn.

Turnover Break Up (Customer Segment-wise)

Segments	FY 2016-17 (% of Total Sales)	FY 2015-16 (% of Total Sales)
Innerwear, Narrow Fabrics, Hosiery and Sportswear	37.50	35.35
Threads	32.45	31.80
Industrial Yarns	12.45	11.45
Regular Yarns	17.60	21.40
	100.00	**100.00**

Turnover Break Up (Geographical)

Regions	FY 2016-17 (% of Export Sales)	FY 2015-16 (% of Export Sales)
South, North & Central America	17.60	27.53
Middle East & Europe	40.25	35.34
Africa	3.82	3.99
Asia Pacific	38.33	33.14
	100.00	**100.00**

In all, we export to over 45 countries and to 105 customers. Our customer concentration is well distributed and no single customer exceeds more than 10% of our revenue.

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

B. Opportunities and Threats:.

The Indian Textile Industry is one of the leading textile industries in the world. It is one of the key sectors of India's manufacturing segment as it contributes significantly to the economy in terms of employment generation and foreign exchange revenue.

The Indian textiles industry is one of the oldest industries of the country.The textile industry has two broad segments. First, the unorganized sector consisting of handloom, handicrafts and sericulture and the second is the organised sector consisting of spinning, weaving, knitting, garments and home textiles segment. The industry has a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes 14% to industrial production, 4% to India's Gross Domestic Product (GDP) and 15% to the country's export earnings. It is the second largest employment provider in the country employing nearly 51 million people directly and 68 million people indirectly in 2015-16. 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% as 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. We are beneficiaries of this due to our direct presence in South Carolina, US through our manufacturing facility. 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.

We also have a strong opportunity for growth in the nylon yarn segment with nylon 66 production to ramp up this year.

C. Outlook: The prospects for outsourcing of polyester/nylon yarns remain healthy. This is because of

1) Increased capacity in India and US locations and
2) Stable INR vs USD.

While we remain optimistic about future growth, We expect margin to remain flat at consolidated level in FY18, due to increase in operating expenditure, interest cost and depreciation on account of the new facility at US.

D. Financial Performance:

(Rs. in Lacs)

Item	2016-2017	2015-2016	% increase
Raw Material Cost& Purchase of Stock in trade	11,625.57	11,726.96	-0.86%
Expenditure	8,909.10	7,600.95	17.21%
EBIDTA	7,446.35	7,197.69	3.45%
Interest Cost and Debt	579.11	508.08	13.98%
Fixed Assets (Gross Block)	27,690.32	20,075.28	37.93%
Net Current Assets	3,552.55	6,716.81	-47.11%
Working Capital Finance	8,186.50	9,233.57	-11.34%
Cash & Bank Balances	7,213.03	9,868.45	-26.91%

(Note: standalone performance comparison, Rupees in lacs)

Raw Material Cost: The Raw Material prices mostly remain stable during F.Y. 2016-17 due to stable crude oil prices.

Expenditure: the increase in expenditure is mostly due to increase in consumption of stores and packing material due to increase in operations.

Interest Cost: The increase in interest cost is due to increase in loans taken for setup of Windmills.

Fixed Assets: The total increase in Gross Block of Fixed assets was for Rs. 7,621.30 lacs out of which Rs. 3,024.62 Lacs is attributable to increase in capacity of wind mill by 4.5 MW in the State of Gujarat, Rs. 3,102.44 Lacs toward Purchase of Land at Silvassa and Balance toward purchase of Plant and Machinery.

Net Current Assets and Cash & Cash Equivalents: The Decrease in Net Current Assets is majorly due to decrease in fixed deposits which are utilised for the purpose of incurring capital expenditure for Wind Mills and Other Plant & Machineries.

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. Last year, the price of our major RM POY ranged between Rs 50 to 85 per kg and that of Nylon yarn ranged between Rs 150 to 225per kg.

Interest Rates: The Company's average gross interest cost in the last year increased by 13.98%. The company's present Debt Equity

Ratio is 0.54. The long term Debt equity Ratio is 0.64. Interest costs are 2.06% of total revenue.

Exchange Rate: 54% per cent of company revenue is in foreign currency (Dollar, Euro & GBP) and balance is in INR. Also, we import 22.19% per cent of turnover (82.22% 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 FY17, our average forward cover was for 3 months of our revenue.

Inflation: The Company does not cater to retail customers. Its sales are to the business segment and hence it has been able to pass on inflationary pressures. It does not expect any major impact due to current high level of inflation.

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. 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.

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 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:

Last year, we incurred a CAPEX of Rs. 7,621.30 Lac which includes addition in Wind mill of Rs. 3,024.62 Lacs, Rs. 3,102.44 towards purchase of Land. For fiscal 2017 we envisage CAPEX of Rs. 1,200.00 Lacs in textile segment.

I. Value Added Statement (Rs. in Lacs)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Income from Production/Operations	25,954.04	24,871.70	27,229.95	24,365.14	23,668.86
Add : Other Income	2,026.98	2,181.88	1,146.98	783.89	78.50
CORPORATE OUTPUT	27,981.02	27,053.58	28,376.94	25,149.03	23,747.36
Less : Cost of Raw Materials Consumed	10,852.68	11,095.02	12,023.68	12,718.59	11,584.96
Less : Cost of Traded Goods	57.07	1,159.90	2,962.63	1,307.76	1,173.39
Less : Other Manufacturing Expenses	5,964.82	4,847.21	4,792.65	4,192.62	4,066.11
Less : Administrative & Other Expenses	2,022.55	1,922.64	2,173.37	1,760.33	2,543.43
EQUALS GROSS VALUE ADDED	9,083.90	8,028.81	6,424.61	5,169.72	4,379.47
Less : Depreciation &Amortization	1,243.55	1,014.40	913.55	935.98	802.72
Less : Extra Ordinary/Prior Period Items	–	–	–	–	–
EQUALS NET VALUE ADDED	**7,840.35**	**7,014.41**	**5,511.06**	**4,233.75**	**3,576.75**
ALLOCATION OF NET VALUE ADDED					
To Personnel	921.73	831.09	778.28	619.19	494.13
To Taxes (including tax on proposed div.)	1,666.99	1,587.87	1,383.90	1087.74	791.17
To Creditors (via interest)	579.11	508.07	514.48	388.89	431.08
To Investors (via dividend)	918.53	876.78	668.02	521.27	417.02
To The Company (via retained earnings)	3,753.99	3,210.60	2,166.38	1,616.66	1,443.35
	7,840.35	**7,014.41**	**5,511.06**	**4,233.75**	**3,576.75**

DIVIDEND:

Based on the Company's performance, the Directors are pleased to recommend which is subject to approval of the members at the forthcoming AGM a dividend of Rs. 1.10 per share (110 %) on the face value of Re 1/- each for the financial year ended 31st March, 2017 [Previous Year Rs 1.05 per share (105%)], The dividend payout will aggregate Rs. 918.53 Lacs (Previous year: Rs. 876.78 lacs) and the tax on distributed profits payable by the Company would amount to Rs. 186.99 Lacs (Previous year Rs. 178.49 lacs).The dividend shall be paid to members, whose names appear in the Register of Members as on 22nd September, 2017.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in **'Annexure A'** to this Report.

BOARD MEETINGS:

Pursuant to Section 173 of the Companies Act, 2013 the Board Meetings are to be held at least four times in a year and the gap between two Board Meetings should not be more than 120 days.

During 2016-17, the Board met Four (4) times ie. on 30th May, 2016, 11th August, 2016, 27th October, 2016 and 13th February, 2017 and in no case the gap between two Board Meetings was more than 120 days.

The meetings of the Board are generally held in Mumbai where Company's Corporate Office is situated unless otherwise decided by the Board. The minutes of the meetings are finalized by the Chairman and confirmed by the Board.

A detailed agenda with notes to agenda of the meeting is being prepared and is being provided to the Directors. The details about attendance of directors at board meetings are given in the Corporate Governance Report.

SHARE CAPITAL:

The paid up Equity Share Capital as on 31st March, 2017 was Rs. 835.03 Lacs. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. There is no change in Share capital of the Company during this year.

Except Mr. Madhusudan Jhunjhunwala, Mr. Krishnakumar Jhunjhunwala and Ms. Neha Jhunjhunwala None of the Directors of the Company held shares of the Company.

FINANCE AND ACCOUNTS:

Cash and cash equivalent as at 31st March, 2017 was Rs. 7,213.03 Lacs. The was a decrease of 26.91% majorly due to decrease in fixed deposits, which are used for the purpose of incurring CAPEX.

Your Company prepares its financial statements in compliance with the requirements of the Companies Act, 2013 and the Generally Accepted Accounting Principles (GAAP) in India. The financial statements have been prepared on historical cost basis. The estimates and judgements relating to the financial statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company’s state of affairs, profit and cash flow for the year ended 31st March, 2017.

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.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements. The interest free loans have been given to wholly owned subsidiary of the company's for business purposes.

CORPORATE SOCIAL RESPONSIBILITY:

As required u/s 135 of the Companies Act, 2013, the Board in its meeting held on September 30, 2014 formulated CSR Committee for formulating the CSR Policy and implementing the Corporate Social Responsibility (CSR) activities of the Company.

The CSR Committee had met on 27th October, 2016. The Company was required to make CSR contribution aggregating to 2% of average net profits of preceding three financial years. The Committee earmarked Rs. 87.03 Lacs towards company's CSR activities for financial year under review. However, the Committee was by then in process of identifying areas where it could contribute money. Hence, the company could not contribute to CSR in time, the full amount required. Efforts would be made to contribute more in the coming years as we feel the sense of social security. The CSR Policy is available on the Company Website at www.sarlafibers.com.

The Annual Report on CSR activities is attached with this report as **'Annexure B'**.

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 Auditor also monitors and evaluates the internal control system and submits Quarterly Reports which are placed before the Audit Committee of the Board.

WHISTLE BLOWER POLICY:

The Company has a Whistle Blower Policy to deal with instance of fraud and mismanagement. The Policy is available Company website at www.sarlafibers.com

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 the 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 2016-17

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

SUBSIDIARIES:

The Company will make available, the Annual Accounts 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.

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, 2016. 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 Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on Company website at www.sarlafibers.com.

The salient features of the financial statements of the subsidiaries in pursuance of Section 129 (3) of the Companies Act, 2013, read with Rule 5 of The Companies (Accounts) Rules, 2014 are given 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	67.09	67.09	73.61
Number of Shares	4,35,000	9,89,000	3
Share Capital	196.99	596.49	3.18
Reserve and Surplus	5,765.11	(3,625.91)	(25.59)
Total Assets	6,385.77	17,335.21	251.78
Total Liabilities (Including Reserves)	6,385.77	17,335.21	251.78
Investments	554.82	5,915.95	–
Turnover	4,404.77	3,428.05	250.07
Profit before Taxation	1,297.31	(1,146.62)	53.83
Provision for Taxation	–	–	13.65
Profit after Taxation	1,297.31	(1,146.62)	40.18
Proposed Dividend	211.31	–	–
% of shareholding	100%	100%	60%
Country	British Virgin Island	United States of America	Portugal

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards (AS) viz. AS 21, AS 23 and AS 27 issued by the Institute of Chartered Accountants of India form part of this Annual Report.

The audited financial statements for the year ended 31st March, 2017 for each of the company's subsidiary are available on the company website www.sarlafibers.com

DIRECTORS & KEY MANAGERIAL PERSONNEL'S:

In terms of Provisions of The Section 152 (6) of The Companies Act, 2012, Ms. Neha K. Jhunjhunwala, Director retire by rotation of the further coming Annual General Meeting and being eligible offers herself for re-appointment. The profile of Director seeking re-appointment present to Regulation 36 of the SEBI (LODR) Regulation 2015 is included in the Annual Report.

No Director or Key Managerial Personnel was appointed or has resigned 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 SEBI (Listing obligation and Disclosure Requirement) Regulations 2015.

ANNUAL PERFORMANCE EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 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.

NOMINATION AND REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel's and Senior Management of the Company. This Policy also lays down criteria for selection, independence and appointment of Board Members. The details of this policy are briefly explained in the Corporate Governance Report.

Particulars of Employees drawing remuneration exceeding Rs. 8.50 Lacs per month or Rs. 1.02 Crores per annum:

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

Information required pursuant to Section 197 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 during the year under consideration:

Name of Director	Remuneration Paid	Median Remuneration	Ratio
Mr. Madhusudan S. Jhunjhunwala (Chairman, Executive Director)	1,32,00,000	1,47,312	89.60x
Mr.Krishnakumar M. Jhunjhunwala (Managing Director)	1,47,00,000	1,47,312	99.78x

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:

Name of Director	Remuneration paid	Percentage Increase in current financial year
Mr. Madhusudan S. Jhunjhunwala (Chairman, Whole-time Director)	1,32,00,000	22.22%
Mr.Krishnakumar M. Jhunjhunwala (Managing Director)	1,47,00,000	22.50%
Mr. Mahendra Sheth (CFO & Company Secretary)	43,49,075	27.60%

3. The Average percentage increase in the median remuneration of employees in the financial year: 7-10%

4. The number of permanent employees on the rolls of company: 167.

5. Average percentage increase in salaries of non-managerial employees was 7-10 % as compared to average percentage increase in managerial remuneration which was 10-15 %

6. Comparison of remuneration of the Key Managerial Personnel against the performance of the Company:

i) Change in sales of the Company: 6.93% increase
ii) Change in the PAT of the Company: -2.86% decrease
iii) Change in the remuneration of Mr. Madhusudan Jhunjhunwala, Mr. Krishnakumar Jhunjhunwala and Mr. Mahendra Sheth (KMPs) (As Mentioned in Sr. No. 2)

Name of Director	Remuneration paid	Percentage Increase in current financial year
Mr. Madhusudan S. Jhunjhunwala (Chairman, Whole-time Director)	1,32,00,000	22.22%
Mr.Krishnakumar M. Jhunjhunwala (Managing Director)	1,47,00,000	22.50%
Mr. Mahendra Sheth (CFO & Company Secretary)	43,49,075	27.60%

7. Increase in the remuneration paid to the Executive Directors (As mentioned above) Three is no Increase in sitting fees paid to the Independent Directors and Non Executive Directors:

8. Variations in the market capitalisation*
2016 - Rs. 527.32 Cr
2017 - Rs. 492.67 Cr

Not to go back is somewhat to advance, and men must walk, at least, before they dance.
- Alexander Pope

9. Price Earning Ratio* as on 31st March 2017: 11.89
   Price Earning Ratio* as on 31st March 2016: 12.36

10. Percentage Increase in market quotation in the shares of the Company in comparison to the rate at which the Company came out with the last public issue: Not Applicable.

11. Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer: Not Applicable,

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.

*Market Capitalisation and Price Earnings Ratio are calculated based on the Stock Price on BSE Ltd.

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)© of the Companies Act, 2013:

a. that in the preparation of annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;

b. that they have selected such accounting policies and applied 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 at the end of the financial year and of the profits of the Company for that year;

c. that the Directors have taken proper and sufficient care for 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 annual accounts have been prepared on a 'going concern' basis.

e. that the Directors have laid down internal financial controls and such internal financial controls are adequate and operating effectively

f. that proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively

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 except one transaction details of which is mentioned in Form AOC-2 attached as Annexure C of this 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.

All Related Party Transactions are placed before the Audit Committee and also the Board 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 C'** 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 www.sarlafibers.com.

AUDITORS AND AUDITORS' REPORT

STATUTORY AUDITORS:

Sundarlal, Desai & Kanodia (Firm Registration Number - 110560W), Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company, on yearly basis, in compliance with the provisions of the Companies Act, 1956, till the commencement of the new Companies Act, 2013. Consequently, in compliance with Section 139(2) of the Act, Sundarlal, Desai & Kanodia, Chartered Accountants, were appointed as the Statutory Auditors of the Company, at the 21st AGM, held on 27th September, 2014, to hold office for a period of 3 years.

Pursuant to this, Sundarlal, Desai & Kanodia, Chartered Accountants, shall hold office till the conclusion of Twenty Fourth AGM of the Company and in view of the completion of the term of 3 years, are not further eligible to be re-appointed as the Statutory Auditors of the Company in the ensuing AGM of the Company. The Board of Directors, based on the recommendation of the Audit Committee, has recommended appointment of CNK & Associates LLP, Chartered Accountants, Mumbai (ICAI Firm Registration No. 101961W) as the Statutory Auditors of the Company for a term of five consecutive years, from the conclusion of Twenty Fourth AGM of the Meeting scheduled to be held in the year 2017 till the conclusion of the Twenty Nineth Annual General Meeting to be held in the year 2022, for the approval of the shareholders, subject to the ratification of their appointment by the shareholders of the Company at every AGM held thereafter. The Company has received written consent and certificate of eligibility pursuant to the provisions of Sections 139, 141 and other applicable provisions of the Act and rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force) from CNK & Associates LLP, Chartered Accountants. Further, CNK & Associates LLP, Chartered Accountants, have confirmed that they hold a valid

certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as required under the SEBI Listing Regulations.

AUDITORS' QUALIFICATION:

There is no Audit qualification in the standalone financial statements by the Statutory Auditors for the year under review.

SECRETARIAL AUDIT:

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.:FCS2899/COP738) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as **"Annexure D"**.

The Secretarial Auditor has made following observations.

I) Under the Companies Act, 2013:

The Company has not spent full amounts due during financial year 2016-17 i.e. 2% of average net profit of last three financial years towards Corporate Social Responsibility activities pursuant to Section 135 of the Companies Act, 2013.

The Company has continued to give interest free loans to its wholly owned subsidiary company during the financial year 2016-17.

Board's Reply to Secretarial Auditors' observations.

I) Under the Companies Act, 2013:

The Committee formed for CSR Purpose was in process of identifying areas where it could contribute money and therefore full amount could not be contributed towards CSR objectives.

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. Even provisions under FEMA Regulations permit giving of interest free loans to wholly owned subsidiary Company.

COST AUDIT:

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, Vapi Cost Accountants, (Membership Number: 6955), 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, 2016 to 31st March, 2017.

DISCLOSURES:

AUDIT COMMITTEE:

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

VIGIL MECHANISM:

The details pertaining to Vigil Mechanism are included in the Corporate Governance Report, which forms part of this report.

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.

EXTRACT OF THE ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **"Annexure E"**.

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.

EMPLOYEES RELATIONS:

The employees' relation at all levels and at all units continued to be cordial during the year.

ACKNOWLEDGMENT:

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.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place: Mumbai
Date: 27th May, 2017

ANNEXURE-A

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 2016-2017: 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 motors 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. 1.50 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. a) Capital b) Recurring c) Total	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.
	d) Total R & D expenditure as percentage of total Turnover.	N. A.
4.	**Technology absorption, adoption and innovation.** 1. Efforts in brief, made towards Technology absorption, adoption and innovation products	Continuous efforts towards improvement of process equipment and are made out to suit market requirements and to achieve optimum operational efficiency.
	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. etc., some countries in Central and North America and Asian Countries like China, Hong Kong etc. Israel, Jordan, Canada & South America countries like Argentina and Brazil are the thrust areas for the future and a good beginning has been made towards this.

b) Total foreign exchange expended and earned:

Sr. No.	Particulars	Current Year (Rs Lacs)	Previous Year (Rs Lacs)
1.	Total foreign exchange earned (FOB)	14,635.78	15,194.24
2.	Total foreign exchange used	5,759.42	8,184.65

FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place: Mumbai
Date: 27th May, 2017

advance, consolidate.

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. Jigar Shah - Member
Mr. Parantap Dave - Member

Average net profit of the Company for last three financial years: Rs. 4,351.50 Lacs

Prescribed CSR Expenditure (two percent of the Average Net Profit as detailed above) : Rs. 87.03 Lacs

Details of CSR spend for the financial year:

A **Total amount spent for the financial year:** Rs. 59.94 Lacs
B **Amount unspent, if any:** Rs. 27.09 Lacs

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

(Rs. in Lacs)

Sr. No.	CSR Project or Activities	Sector	Location Districts (State)	Amount Outlay (Budget)	Amount Spent	Cumulative Expenditure upto the reporting period	Amount Spent Direct or through implementing Agency
1	Donation to Various Trusts	Health	Maharashtra	87.03	58.50	58.50	Directly - 58.50 Lacs Through Implementing Agency - Nil
2	Healthcare to the local community including preventive Healthcare/ nutrition/sanitation and improving the infrastructure	Health	Amravati, Maharashtra	87.03	1.44	59.94	Directly - 1.44 Through Implementing Agency - Nil
	TOTAL			87.03	59.94	59.94	59.94

In case Company has failed to spent the two percent of the average Net Profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

The Company was required to contribute to CSR during the year. However, the Company has not made CSR contribution. Reasons for not contributing to CSR have been mentioned in the main Report.

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 will be 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: 27th May, 2017

ANNEXURE-C

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 arms length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis

(Rs. in Lacs)

Sr. No.	Particulars	Details
a	Name of the related party & nature of relationship	Hindustan Cotton Company (Director of the Company is partners)
b	Nature of Contract/ transaction	Payment of Rent
c	Duration of contract	Three Years (1st Oct, 2014 to 30th Sep, 2017)
d	Salient terms of contract	Deposit of Rs. 2.50 Crores and Rent of Rs. 6.00 Lacs Per Annum
e	Justification for Entering into contract	Business Requirement
f	Date of Approval of Board	30th September, 2014.
g	Amount paid as advance, if any	–
h	Date on which the special resolution was passed in General Meeting as required under first proviso to Section 188	Not Applicable

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 Contract	Terms of Contract	Date of approval by the Board, if any:	Amount paid as advances, if any	Amount (Rs In Lacs)
SALE OF GOODS							
Sarla Overseas Holdings Ltd, BVI	Wholly Owned Subsidiary	Sale of Goods	Ongoing	Arm's Length basis	30th May, 2016	NIL	3,352.18
Sarlaflex Inc, USA	Wholly Owned Subsidiary	Sale of Goods	Ongoing	Arm's Length basis	30th May, 2016	NIL	276.84
PAYMENTS							
Sarla Europe LDA, Portugal	Step down Subsidiary	Commission Payment	Ongoing	Arm's Length basis	–	NIL	82.32

FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place: Mumbai
Date: 27th May, 2017

ANNEXURE-D

Form No. MR-3: SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017
[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, Amli Piparia Industrial Estate,
Silvassa - 396 230, 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, 2017 ('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, 2017,** 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 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:

Under Companies Act, 2013:

The Company has not spent full amounts due during financial year 2016-17 i.e. 2% of average net profit of last three financial years towards Corporate Social Responsibility activities pursuant to Section 135 of the Companies Act, 2013.

a) The Company has continued to give interest free loans to its wholly owned subsidiary company during the financial year 2016-17.

b) 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 -

The Board of Directors of the Company 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.

Majority decision is carried through 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 there were no instances of:

i) Public/ Right/ Preferential issue of shares/ debentures/ sweat equity etc.

ii) Redemption/ buy-back of securities

iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013;

iv) Merger/ amalgamation/ reconstruction etc.

v) Foreign technical collaborations.

For A. Y. Sathe & Co.
Company Secretaries

Date: 27th May, 2017
Place: Mumbai

CS Ajit Sathe
(Proprietor)

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.

advance, consolidate.

Annexure-I

To,
The Members,
Sarla Performance Fibers Limited,
(CIN: L31909DN1993PLC000056)
Survey No. 59/1/4, Amli Piparia Industrial Estate,
Silvassa - 396 230, U.T. of Dadra & Nagar Haveli

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

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.

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 provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

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.

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

Date: 27th May, 2017
Place: Mumbai

CS Ajit Sathe
(Proprietor)

ANNEXURE-E

EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

{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, Amli 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 shall be stated:

Sr. No.	Name and Description of main products/services	NIC Code of (2008) the Product/service	%to total turnover of the company
1.	Manufacturing of Yarn	20301-20304	91.55%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of 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, BVI.

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, 2016)				No. Of shares held at the end of the year (As on March 31, 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	3,31,31,050	0	3,31,31,050	39.68%	3,28,80,550	0	3,28,80,550	39.38%	-0.30%
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	1,29,86,490	0	1,29,86,490	15.53%	1,32,38,357	0	1,32,38,357	15.85%	0.32%
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)	4,61,17,540	0	4,61,17,540	55.21%	4,61,18,907	0	4,61,18,907	55.23%	0.02%
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)	**4,61,17,540**	**0**	**4,61,17,540**	**55.21%**	**4,61,18,907**	**0**	**4,61,18,907**	**55.23%**	**0.02%**
Public Shareholding									
1) Institutions									
a) Mutual Funds	1,19,54,529	20,000	1,19,74,529	14.34%	1,19,21,166	20,000	1,19,41,166	14.30%	-0.04%
b) Banks/FI	11,548	0	11,548	0.014%	6,992	0	6,992	0.008%	-0.006%
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Funds	40,000	0	40,000	0.048%	0	0	0	0.00%	-0.048%
f) Insurance Co.	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIIs	0	0	0	0.00%	9,89,310	0	9,89,310	1.18%	1.18%
h) Foreign Venture Capital Fund	0	0	0	0.00%	0	0	0	0.00%	0.00%
I) Others (Specify)	35,000	0	35,000	0.042%	0	0	0	0.00%	-0.042%
Sub-Total (B)(1)	**1,20,41,077**	**20,000**	**1,20,61,077**	**14.44%**	**1,29,17,468**	**20,000**	**1,29,37,468**	**15.49%**	**1.05%**

People who use time wisely spend it on activities that advance their overall purpose in life.
- John C. Maxwell

Category of Shareholders	No. Of shares held at the beginning of the year (As on April 1, 2016)				No. Of shares held at the end of the year (As on March 31, 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non Institutional									
a) Bodies Corp.									
i) Indian	53,85,670	80,000	54,65,670	6.55%	25,53,818	80,000	26,33,818	3.15%	-3.39%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 L	97,20,143	16,44,860	1,13,65,003	13.61%	94,85,785	16,11,860	1,10,97,645	13.29%	-0.32%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1L	69,75,405	0	69,75,405	8.35%	71,46,430	0	71,46,430	8.56%	0.20%
c) Others									
Clearing Member	1,28,068	0	1,28,068	0.15%	3,81,996	0	3,81,996	0.46%	0.30%
Foreign Nationals									
NRI (Repat)	12,35,123	0	12,35,123	1.48%	29,75,421	0	29,75,421	3.56%	2.08%
NRI(Non Repat) Trust	1,55,114	0	1,55,114	0.19%	2,11,315	0	2,11,315	0.25%	0.07%
Sub-Total (B)(2)	2,35,99,523	17,24,860	2,53,24,383	30.33%	2,27,54,765	16,91,860	2,44,46,625	29.28%	-1.05%
Total Public Shareholding (B) = (B)(1)+(B)(2)	3,56,40,600	17,44,860	3,73,85,460	44.77%	3,56,72,233	17,11,860	3,73,84,093	44.77%	-0.002%
C. Shares held by Custodian for GDRs & ADRs	0	0	0	–	0	0	0		
Grand Total (A+B+C)	**8,17,58,140**	**17,44,860**	**8,35,03,000**	**100.00%**	**8,17,91,140**	**17,11,860**	**8,35,03,000**	**100.00%**	

advance, consolidate.

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			
		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	% change in share holding during the year
1.	Madhusudan Jhunjhunwala	19,45,000	2.33%	–	19,55,000	2.34%	–	0.01%
2.	Krishnakumar Jhunjhunwala	13,00,000	1.56%	–	13,13,000	1.57%	–	0.01%
3.	Vrinda K. Jhunjhunwala	6,47,000	0.77%	–	0	0.00%	–	-0.77%
4.	Sarladevi M. Jhunjhunwala	38,84,000	4.65%	–	38,84,000	4.65%	–	0.00%
5.	Satidham Industries Pvt. Ltd.	1,27,47,910	15.27%	–	1,29,95,277	15.56%	–	0.29%
6.	Hindustan Cotton Co. - Through its partner	2,11,64,790	25.35%	–	2,11,64,790	25.35%	–	0.00%
7.	Krishnakumar & Sons (HUF) Through its Karta	3,25,000	0.39%	–	3,25,000	0.39%	–	0.00%
8.	Madhusudan Jhunjhunwala (HUF)	38,65,260	4.63%	–	35,87,760	4.30%	–	-0.33%
9.	Sarla Estate Developers Pvt. Ltd.	1,83,580	0.22%	–	1,88,080	0.23%	–	0.01%
10.	Harmony Estates Pvt. Ltd.	55,000	0.07%	–	55,000	0.07%	–	0.00%
11.	Kanav Jhunjhunwala	0	0.00%	–	6,47,000	0.77%	–	0.77%
12.	Neha Jhunjhunwala	0	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		
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	% change in share holding during the year*
1.	Madhusudan Jhunjhunwala & Sons (HUF)	38,65,260	4.63%	35,87,760	4.30%	-0.33%
2.	Satidham Industries Pvt Ltd	1,27,47,910	15.24%	1,29,95,277	15.56%	0.32%
3.	Harmony Estates Pvt Ltd	55,000	0.07%	55,000	0.07%	0.00%
4.	Madhusudan Jhunjhunwala	19,45,000	2.33%	19,55,000	2.34%	0.01%
5.	Krishnakumar Jhunjhunwala	13,00,000	1.56%	13,13,000	1.57%	0.01%
6.	Krishnakumar & Sons (HUF)	3,25,000	0.39%	3,25,000	0.39%	0.00%
7.	Vrinda Jhunjhunwala	6,47,000	0.77%	0	0.00%	-0.77%
8.	Sarladevi Jhunjhunwala	38,84,000	4.65%	38,84,000	4.65%	0.00%
9.	Hindustan Cotton Company	2,11,64,790	25.35%	2,11,64,790	25.35%	0.00%
10.	Sarla Estate Developers Pvt Ltd	1,83,580	0.22%	1,88,080	0.23%	0.01%
11.	Kanav Jhunjhunwala	0	0.00%	6,47,000	0.77%	0.77%
12.	Neha Jhunjhunwala	0	0.00%	4,000	0.00%	0.00%
	TOTAL	**4,61,17,540**		**4,61,18,907**		

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		
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	% change in share holding during the year*
1.	HDFC Small & Midcap Fund	74,38,170	8.91%	74,38,170	8.91%	0.00%
2.	Anil Kumar Goel	27,34,750	3.28%	27,34,750	3.28%	0.00%
3.	DSP BlackRock Equity Savings	23,68,909	2.84%	23,56,466	2.82%	-0.01%
4.	Dalal Broacha Stock Broking Pvt. Ltd.	17,50,920	2.10%	17,50,920	2.10%	0.00%
5.	HSBC Midcap Equity Fund	14,66,780	1.76%	14,66,780	1.76%	0.00%
6.	Old Mutual Global Investor Services	9,89,310	1.18%	9,05,470	1.08%	-0.10%
7.	SeemaGoel	7,90,000	0.95%	7,90,000	0.95%	0.00%
8.	Own Lease and Finance Pvt Ltd	7,68,460	0.92%	9,05,470	1.08%	0.16%
9.	Vipul P Dalal	6,94,910	0.83%	6,94,910	0.83%	0.00%
10.	Canara Robeco Mutual Fund	6,80,670	0.82%	6,59,750	0.79%	-0.03%

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. Jhunjhunwala**				
	At the beginning of the Year	19,45,000	2.33%	19,45,000	2.33%
	Purchase / Sales			10,000	0.01%
	At the end of the year			19,55,000	2.34%
2.	**Krishnakumar M. Jhunjhunwala**				
	At the beginning of the Year	13,00,000	1.56%	13,00,000	1.56%
	Purchase / Sales			13,000	0.01%
	At the end of the year			13,13,000	1.57%
	Other KMP				
1.	**Mahendra Sheth**				
	At the beginning of the Year	2,400	0.002%	2,400	0.002%
	Purchase / Sales	–	–	0	0
	At the end of the year	–	–	2,400	0.002%

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	10,560.17	226.24	0.00	10,786.41
Term Loan (ECB)	16,008.13	3,409.42	0.00	19,417.55
ii) Interest due but not paid				
iii) Interest accrue but not due				
Total (i+ii+iii)	**26,568.30**	**3635.66**	**0.00**	**30,203.96**

(Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
Additional (Net change)	0.00	0.00	0.00	0.00
Reduction	1,682.72	2,509.60	0.00	4,192.32
Net Charges	**1,682.72**	**2,509.60**	**0.00**	**4,192.32**
Indebtedness at the end of the financial year				
i) Principal Amount				
Working Capital	9,483.30	226.00	0.00	9709.30
Term Loan	15,402.28	900.06	0.00	16,302.34
ii) Interest due but not paid				
iii) Interest accrue but not due				
Total (i+ii+iii)	**24,885.58**	**1,126.06**	**0.00**	**26,011.64**

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 Jhunjhunwala	Shri. Madhusudan Jhunjhunwala	Total Amount
		MD	WTD	
1	Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	147.00	132.00	279.00
		0.00		
	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		0.00	0.00
	As % of profit			
	Others specify (performance Linked Incentive)			
5.	Others, please specify	0.00	0.00	0.00
	Total (A)	**147.00**	**132.00**	**279.00**

B. Remuneration to other directors:

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri. Arun Vaid	Shri. Jigar Shah	Shri. Parantap Dave	Ms. Neha Jhunjhunwala	
1.	**Independent Directors**					
	Fee for attending board committee meetings	0.10	0.70	0.70	0.50	2.00
	Commission	0.00	0.00	0.00	0.00	0.00
	Others, please specify					
	Total	**0.10**	**0.70**	**0.70**	**0.50**	**2.00**

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		CFO & Company Secretary	Total
1	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	43.49	43.49
	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:	**43.49**	**43.49**

VII. PENALITIES/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**
	Punishment		**NA**	**NA**	**NA**
	Compounding		**NA**	**NA**	**NA**
	B. DIRECTORS				
	Penalty		**NA**	**NA**	**NA**
	Punishment		**NA**	**NA**	**NA**
	Compounding		**NA**	**NA**	**NA**
	C. OTHER OFFICERS IN DEFAULT				
	Penalty		**NA**	**NA**	**NA**
	Punishment		**NA**	**NA**	**NA**
	Compounding		**NA**	**NA**	**NA**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place: Mumbai
Date: 27th May, 2017

advance, consolidate.

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, 2017.

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:

A. COMPOSITION OF BOARD:

The Board of Directors as on 31st March, 2017 and as on the date of this report comprises optimum combination of Executive and Non-Executive Directors in compliance with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The present strength of the Board is Six Directors, consisting of the Managing Director, a regular Executive Chairman and four other Non-Executive Directors, out of which three are Independent Directors and one is a Woman Director who is not Independent.

The Directors have expertise in the fields of strategy, management, finance, operations, technology, human resource development and economics. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Board continuously reviews the Company's governance, risk and compliance framework, business plans, and organisation structure to align with the global standards and competitive benchmark.

The composition and category of the Board of Directors and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on 31st March, 2017 are given herein below:

Name of Directors	Designation	Category	Number of other Directorship		Number of Chairmanship / Membership in Committees of other Companies	
			of Indian Public Limited Companies	of other Companies	Chairman	Member
Madhusudan Jhunjhunwala (DIN:00097254)	Chairman	Executive, Promoter	Nil	3	Nil	Nil
Krishnakumar Jhunjhunwala (DIN: 00097175)	Managing Director	Executive, Promoter	Nil	4	Nil	Nil
Arun Vaid (DIN: 00351464)	Director	Non - Executive, Independent Director	Nil	Nil	Nil	Nil

Jigar Shah (DIN: 00191165)	Director	Non - Executive, Independent Director	Nil	2	Nil	Nil
Parantap Dave (DIN: 00019472)	Director	Non - Executive, Independent Director	2	5	Nil	3
Neha Jhunjhunwala (DIN: 07144529)	Director	Non - Executive, Non-Independent Director	Nil	Nil	Nil	Nil

Notes: * Includes Directorships in Private Limited.
** Represents Membership / Chairmanship of Audit Committee / Stakeholder Relationship Committee / Nomination and Remuneration Committee / CSR Committee in other Companies

None of the Directors of the Board is a member of more than 10 Committees and no Director is a Chairperson of more than 5 Committees across all the public limited companies in which he is a Director in terms of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Directors have made the requisite disclosures regarding committee positions held by them in other companies.

None of the directors held Directorship in more than 10 Public Limited Companies.

Relationship among the Directors:

Mr. Madhusudan S. Jhunjhunwala, Mr. Krishnakumar M. Jhunjhunwala and Ms. Neha K. Jhunjhunwala, Directors are directly related to each other. Other Directors are not related to them or among each other.

B. INDEPENDENT DIRECTORS:

The Non-Executive Independent Directors fulfills the criteria of independence specified in Section 149(6) of the Companies Act, 2013 and Rules made thereunder and meet with the requirements of Regulation 16 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A formal letter of appointment to the Independent Director has been issued and terms and conditions of the letter of appointment along with their detailed profile is uploaded 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. Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets with the criteria of independence as provided under the law. 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 30th May, 2016, inter alia, to:

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

b) Evaluate performance of the Chairman of the Company, taking into account 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.

None of the Independent Directors of the company served as Independent Director in more than 7 listed companies.

C. 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.

D. 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 2016-17 of the Company. The code has been posted on the

website of the Company at www.sarlafibers.com.

E. BOARD MEETINGS:

During the financial year 2016-17, 4 (Four) meetings of the Board of Directors of the Company 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 dates of the meetings of the Board of Directors are as under:

All material information was circulated to the directors before the meeting or placed 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.

Attendance of each Director at the Board Meetings held in financial year 2016-17 and at the last Annual General Meeting of the Company:

Name of the Director	No. of Board Meetings held during the year	No. of Board Meetings attended	Attendance at the AGM held on 30th September, 2016
Madhusudan Jhunjhunwala	4	4	Present
Krishnakumar Jhunjhunwala	4	4	Present
Arun Vaid	4	1	–
Jigar Shah	4	4	Present
Parantap Dave	4	4	Present
Neha Jhunjhunwala	4	3	Present

COMMITTEES OF THE BOARD:

Currently, the Board has the following Committees
- Audit Committee
- Nomination and Remuneration Committee
- Stakeholder Relationship Committee
- CSR Committee
- Risk Management Committee

3. AUDIT COMMITTEE:

A. CONSTITUTION OF THE AUDIT COMMITTEE:

The Audit Committee of the Company is in alignment with the provisions of Section 177 of the Act and Regulation 18 of SEBI Listing Regulations. The Company has an Audit Committee consisting of qualified members. The Committee comprises of three Members out of which two are Independent Directors as on 31st March, 2017 and one is Executive Director.

The composition, quorum, powers, role and scope are in accordance with Section 177 of the Act and the provisions of Regulation 18 of the SEBI Listing Regulations. All the members of the Audit Committee are financially literate and have experience in financial management.

The Company Secretary acts as Secretary to the Committee.

The Audit Committee, during the financial year 2016-17, has approved related party transactions along with granting of omnibus approval in line with the Policy of Dealing with Related Party Transactions and the applicable provisions of the Act and the SEBI Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

B. MEETING AND ATTENDANCE:

The Committee met 5 (Five) times during the financial year 2016-17 i.e. on 30th May, 2016, 7th July, 2016, 11th August, 2016, 27th October, 2016 and 13th February, 2017. The gap between two meetings did not exceed one hundred and twenty days and the necessary quorum was present for all the meetings held during the year.

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

The composition of the Audit Committee and the details of meetings attended by members of the committee are given below:

Name	Position	Category	Number of meetings during the year 2016-17	
			Meetings held	Meetings attended
Jigar A. Shah	Chairman	Independent Director	5	5
Madhusudan S. Jhunjhunwala	Member	Executive Director	5	5
Parantap P. Dave	Member	Independent Director	5	5

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.

4. NOMINATION AND REMUNERATION COMMITTEE

A. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company is constituted in compliance with Regulation 19 of SEBI Listing Regulations read with Section 178 of the Act.

The Committee comprises of three Non-Executive Directors out of which two are Independent Directors as on March 31, 2017 and the Chairman of the Committee is an Independent Director.

B. MEETING AND ATTENDANCE:

Nomination and Remuneration Committee consists of three Independent Directors of the Company viz. Mr. Jigar A. Shah, Mr. Arun Vaid, and Mr. Parantap Dave. No meetings of Nomination and Remuneration Committee was held during current year.

C. TERMS OF REFERENCE:

The terms of reference of the Nomination and Remuneration Committee are as stipulated under SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 and under Section 178 of the Companies Act, 2013.They can be broadly stated as follows:

1. 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);
2. To help in determining the appropriate size, diversity and composition of the Board;
3. To recommend to the Board appointment / re-appointment and independence of Directors;
4. To recommend to the Board remuneration payable to the Directors;
5. To create an evaluation framework for Independent Directors and the Board;
6. To provide necessary reports to the Chairman of the Board after the evaluation process is completed by the Committee Members;
7. To assist in developing a succession plan for the Board;
8. To assist the Board in fulfilling responsibilities entrusted from time- to-time;
9. 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.

PERFORMANCE EVALUATION CRITERION:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulation, 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.

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 2016-2017 are given below:

advance, consolidate

Name of Non-Executive Directors	Sitting Fees (Rs.)
Mr. Arun Vaid	10,000/-
Mr. Jigar A. Shah	70,000/-
Mr. Parantap Dave	70,000/-
Ms. Neha Jhunjhunwala	50,000/-

None of the Non-Executive Directors of the Company had any pecuniary relationship of transaction with the company during the financial year 2016-17

Company has paid a remuneration of Rs.1,47,00,000/- to Mr. Krishnakumar M. Jhunjhunwala, Managing Director and Rs. 1,32,00,000/- to Mr. Madhusudan S. Jhunjhunwala, Chairman & Whole Time Director of the Company during the financial year 2016-2017, as per below details:

(Rs. in Lacs)

Break-up of remuneration	Mr. Krishnakumar Jhunjhunwala	Mr. Madhusudan Jhunjhunwala
Salary	147.00	132.00
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:

MANAGING DIRECTOR:

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

CHAIRMAN & WHOLE TIME DIRECTOR:

Period of Contract : 5 Years from 01st August, 2015 to 31st July, 2020
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.

Name of the Directors/ Committee Members	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Madhusudan S. Jhunjhunwala - Member	Executive	1	1
Mr. Parantap P Dave - Member	Non-Executive Independent	1	1
Mr. Arun Vaid - Chairman	Non-Executive Independent	1	–

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.

During the year, No complaints were received from the shareholders. However, we have also received letters for re-validation of Dividend Warrants, Non-Receipt of Dividend Warrants etc. and the same have been attended within the stipulated time. There were no pending requests for the financial year ended 31st March, 2017.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Pursuant to the provisions of Section 135 of the Companies Act, 2013, Corporate Social Responsibility committee consisting of Mr. Madhusudan Jhunjhunwala as Chairman, Mr. Jigar Shah and Mr. Parantap Dave as members of the committee. The committee met once on 27th October, 2016 during the year to review the plans for CSR activities. The Committee shall look after company's CSR activities and shall monitor CSR Plan.

7. RISK MANAGEMENT COMMITTEE:

The Risk Management Committee consists of Mr. Krishnakumar Jhunjhunwala as Chairman, Mr. Jigar Shah and Mr. Arun Vaid as members of the Committee. 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.

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

Progress however, of the best kind,
is comparatively slow.
Great results cannot be achieved at once;
and we must be satisfied to advance
in life as we walk, step by step.
- Samuel Smiles

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

AGM for the Financial Year	Date	Time	Venue
2013-2014	27th September, 2014	11.30 a.m.	Registered Office of the Company Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa - 396 230 U.T. OF D. & N. HAVELI.
2014-2015	28th September, 2015	09.00 a.m.	
2015-2016	30th September, 2016	11.00 a.m.	

During last 3 AGMs following special resolutions were passed

Date of AGM	Section	Resolution Matter
27th September, 2014	196(3) (a) of Companies Act, 2013	Consent of Members for Continuing holding of office for WTD
27th September, 2014	180(1) (c) of Companies Act, 2013	Borrowing Powers of Board of Directors
27th September, 2014	62(1) (c) of Companies Act, 2013	Consent of Members for increase in capital base
27th September, 2014	149, 150, 152 and 160 of Companies Act, 2013	Appointment of Independent director for term of five years
28th September, 2015	196, 197 and 203 of Companies Act, 2013	Re-Appointment of Chairman & Whole Time Director for Period of 5 Years
28th September, 2015	14 of Companies Act, 2013	Alteration of Article of Association
28th September, 2015	14 of Companies Act, 2013	Adoption of New Set of Article of Association

No special resolution was passed through postal ballot during last year. No resolution is proposed to be passed through postal ballot. No special resolution was passed in the AGM held on 30th September, 2016.

9. MEANS OF COMMUNICATION

The Quarterly and Half Yearly results are published in widely circulating National and Local Daily's such as Economic Times, 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.

10. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting	
Date and Time	Friday, 29h September, 2017 at 11:00 am
Venue	Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa - 396230 U.T. Dadra & Nagar Haveli
Date of Book Closure	23rd September, 2017 to 29th September, 2017 (Both days inclusive)
Financial Calendar	1st April 2017 to 31st March 2018 - The results will be published as under : First Quarter — Before 14th of September, 2017 Second Quarter — Before 15th of December, 2017 Third Quarter — Before 15th February, 2018 Fourth Quarter/Annual — Before 30th May, 2018
Dividend payment date	Dividend Payment will start from 29h September, 2017
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 National Stock Exchange of the India Limited. The annual listing fees have been paid upto F.Y.2017-18 and there is no outstanding payment towards the exchanges, as on date.

Cooperation and respect for each other will advance the cause of human rights worldwide. Confrontation, vilification, and double standards will not.

11. MARKET PRICE DATA

Monthly high/low during the year 2016-2017 on the BSE and National Stock Exchange:

AGM For the Financial year	BSE		NSE	
Month	**High (Rs.)**	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
April 2016	70.00	62.55	70.15	62.70
May 2016	71.40	55.60	71.90	55.00
June 2016	67.80	56.00	67.70	55.10
July 2016	68.55	57.45	68.50	57.35
August 2016	61.50	54.00	61.40	53.50
September 2016	77.00	59.75	77.00	60.10
October 2016	79.10	68.00	79.00	68.00
November 2016	80.05	55.35	80.00	55.75
December 2016	67.90	56.00	63.50	55.85
January 2017	68.50	58.30	67.50	58.75
February 2017	69.15	57.00	69.20	56.70
March 2017	64.25	58.00	64.50	57.60

Chart of Company Share Prices compared to BSE Sensex.

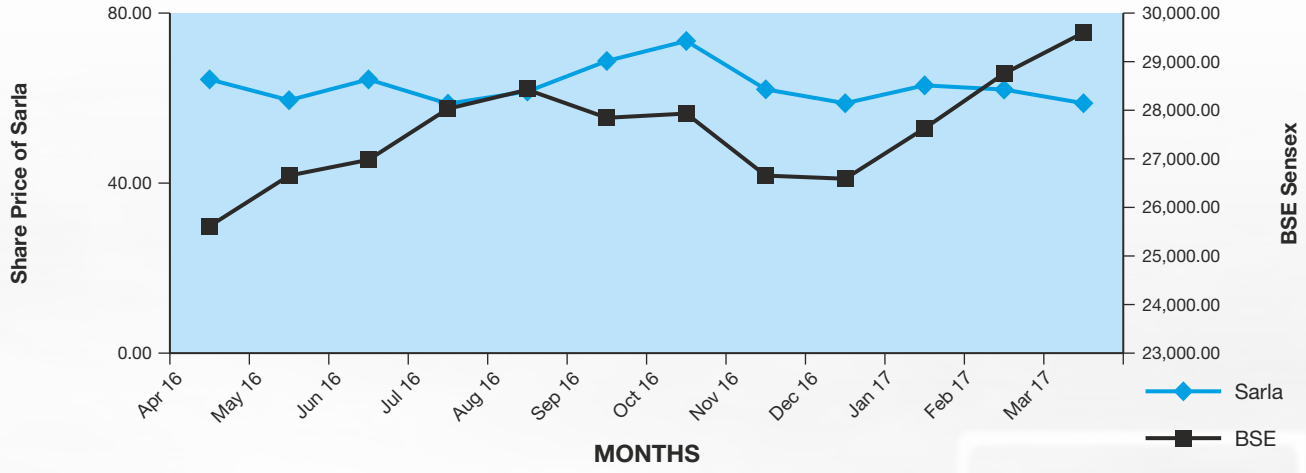
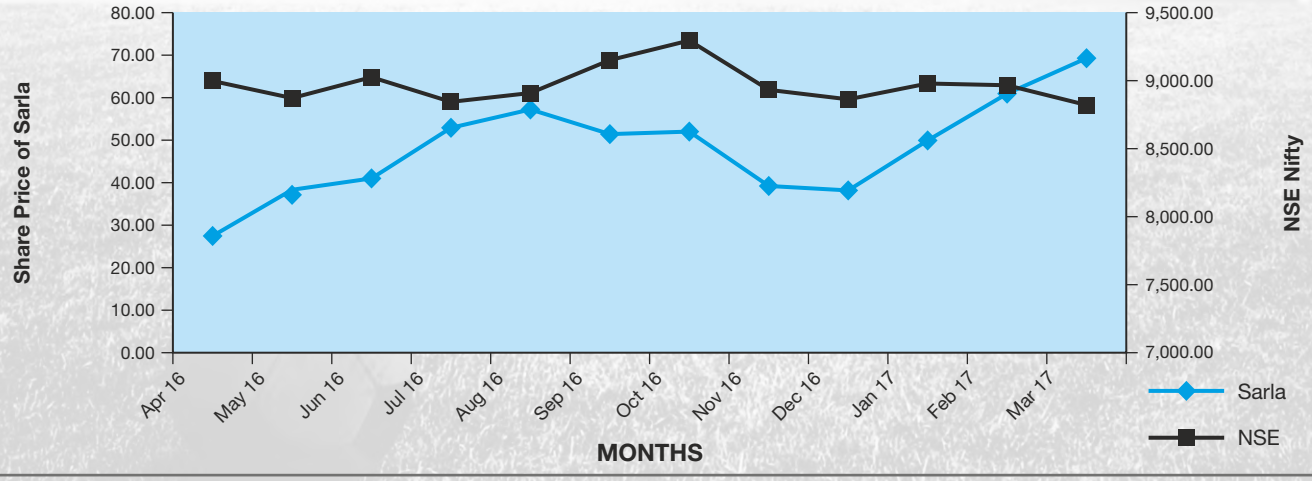


Chart of Company Share Prices compared to NSE Nifty Index.



12. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2017

Shares of Nominal Value (Rs.)		Shareholders		Total Amount (Rs.)	
From	To	Number	% to Total	Amount	% to Total
1	5000	7,021	94.67	55,31,697	6.62
5,001	10,000	183	2.47	14,07,977	1.69
10,001	20,000	80	1.08	11,88,188	1.42
20,001	30,000	33	0.44	8,45,500	1.01
30,001	40,000	23	0.31	8,14,309	0.98
40,001	50,000	8	0.11	3,63,907	0.44
50,001	1,00,000	28	0.38	19,69,611	2.36
1,00,001 and above		40	0.54	7,13,81,811	85.48
TOTAL		**7,416**	**100.00**	**8,35,03,000**	**100.00**

13. SHAREHOLDING PATTERN AS ON 31ST MARCH 2017

Category	No. of Share	%
Promoters	4,61,18,907	55.23
Mutual Funds & UTI	1,19,44,336	14.30
Fins / Banks	3,822	0.005
Venture Capital Funds	–	–
FII(S)	9,89,310	1.185
Private Corporate Bodies	26,33,818	3.154
Indian Public	1,82,44,075	21.848
Non Resident Indians	31,86,736	3.816
Any other (Clearing Members)	3,81,996	0.457
Total	**8,35,03,000**	**100.00**

14. DEMATERIALISATION 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

97.50 % of the total equity capital of the Company was held in dematerialised form as on 31st March, 2017

Share Transfer System:

All Share Transfer and other Correspondence regarding share 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.

15. ADDRESS FOR INVESTORS/ANALYST CORRESPONDENCE:

1. With the Company:
Sarla Performance Fibers Limited,
304, Arcadia, 195 Nariman Point, Mumbai - 400 021
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.,
Unit - 1, Luthra Ind. Premises, Safed Pool,
Andheri - Kurla Road, Andheri (E), Mumbai - 400 072
Tel: 2270 24 85 / 2264 1376 Fax: 2851 2885
E-mail: sharexindia @vsnl.com
Website: www.sharexindia.com

16. OUTSTANDING GDRS /ADRS: NIL

17. 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
Vapi:
Dying Division
A1/48, 100 Shed Area, GIDC, Vapi, Gujarat, 396 195

18. 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.

advance. consolidate.

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.

19. 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.

20. 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, 2017 are as under

Name	No. of Shares of Re. 1 each
Mr. Parantap Priyakant Dave	Nil
Mr. Arunkumar Shivprasad Vaid	Nil
Mr. Jigar Arvindkumar Shah	Nil

21. 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 2016-2017 there is no Audit qualification in the Company's financial Statements.

D. The Company does not have any formal system to evaluate the performance of non-executive Directors.

22. 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 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, 2017 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 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 **SUNDARLAL, DESAI & KANODIA**
Chartered Accountants
Firm Registration No. 110560W

H. P. Kanodia
Partner
Membership No. 40617

Place: Mumbai
Date: 27th May, 2017

As we advance in life it becomes more and more difficult,
but in fighting the difficulties the inmost strength of the heart is developed.
- Vincent Van Gogh

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 March 31, 2017 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
Chief Executive Officer

MAHENDRA SHETH
Chief Financial Officer

Place: Mumbai
Date: 27th May, 2017

DECLARATION

I, **Madhusudan Jhunjhunwala,** 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, 2017

For **SARLA PERFORMANCE FIBERS LIMITED,**

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

Place: Mumbai
Date: 27th May, 2017

independent auditors' report to the members of sarla performance fibers limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Sarla Performance Fibers Limited (the company), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules,2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and applications of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 stand alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017 and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2015 ("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"** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable

2. As required by section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b. In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.

   c. The balance sheet, statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account.

   d. In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of written representations received from the directors as on 31 March 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017, from being appointed as a director in terms of section 164(2) of the Companies Act 2013.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**; and

g. 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, in our opinion and to the best of our information and according to explanation given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- refer note to the financial statements.

ii. 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-refer note to the financial statements

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

iv. The company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings specified Bank notes during the period from 08, November 2016 to 30, December 2016 and these are in accordance with the books of accounts maintained by the company, Refer Note 46 to the standalone financial statements.

For **SUNDARLAL, DESAI & KANODIA**
Chartered Accountants
Firm Registration No. 110560W

H. P. Kanodia
Partner
Membership No. 40617

Place: Mumbai
Date: 27th May, 2017

annexure a to the independent auditors' report

The Annexure A referred to in our Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended 31st March, 2017, we report that:

i. a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

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

c. The title deeds of immovable properties are held in the name of Company.

ii. a. The management has conducted physical verification of inventory at reasonable intervals during the year.

b. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c. The company is maintaining proper records of inventory. As explained to us, there is no material discrepancy noticed on physical verification of inventory as compared to book records.

iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.(the Act).

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public covered under section 73 to 76 of the companies Act 2013.

vi. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

vii. a. According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, duty of customs, value added tax, cess and other material statutory dues applicable have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

b. According to information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at balance sheet date for a period of more than six months from the date they became payable.

c. According to the information and explanations given to us, there are no material dues of Income tax, sales tax, service tax, wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to explanations given to us, the following dues of excise duty, custom duty and income tax have not been deposited by the Company on account of disputes.

Name of the statute	Nature of dues	Amount in Rs.	Period to which the amount relate	Forum where dispute is pending
The Central Excise Act, 1944	Excise duty	11,05,32,000/-	F.Y. 1999-2000 to 2012-2013	High Courts of Gujarat and Bombay and Supreme Court of India.
The Central Excise Act, 1944	Custom Duty	4,75,000/-	F.Y. 1999-2000, 2000-2001	CESTAT
The Central Excise Act, 1944	Custom Duty (Anti dumping)	41,05,001/-	F.Y. 2011-2012, 2016-2017	CESTAT

d. According to the information and explanation given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and rules there under has been transferred to such fund within time.

viii. The Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.

ix. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from public.

x. According to information and explanations given to us, no material fraud on or by company has been noticed or reported

during the course of our audit.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and 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 and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **SUNDARLAL, DESAI & KANODIA**
Chartered Accountants
Firm Registration No. 110560W

H. P. Kanodia
Partner
Membership No. 40617

Place: Mumbai
Date: 27th May, 2017

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 143 OF THE COMPANIES ACT, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SARLA PERFORMANCE FIBERS LTD ('the company'), as of 31 March 2017, 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 over financial reporting 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 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 Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting 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 over financial reporting 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 authorisations of management and directors of the company ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the information and explanation of the company provided to us, Internal Financial Control framework and the report of the Internal Auditors on the

advance, consolidate.

internal control over financial reporting 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 Institute of Chartered Accountants of India.

For **SUNDARLAL, DESAI & KANODIA**
Chartered Accountants
Firm Registration No. 110560W

H. P. Kanodia
Partner
Membership No. 40617

Place: Mumbai
Date: 27th May, 2017

If you only do things where you know the answer in advance, your company goes away. - Jeff Bezos

balance sheet as at 31st march, 2017

advance, consolidate.

(Rs. in Lacs)

	Note No.	Current Year 31st March 2017	Previous Year 31st March 2016
EQUITY AND LIABILITIES:			
1) SHAREHOLDER'S FUNDS			
- Share Capital	1	835.03	835.03
- Reserves and Surplus	2	24,894.89	21,814.23
		25,729.92	22,649.26
2) NON-CURRENT LIABILITIES			
- Long-Term Borrowings	3	4,648.96	4,003.21
- Deferred Tax Liabilities (Net)	4	2,414.70	1,642.10
		7,063.67	5,645.31
3) CURRENT LIABILITIES			
- Short-Term Borrowings	5	8,186.51	9,233.57
- Trade Payables	6	1,000.85	689.20
- Other Current Liabilities	7	5,946.36	4,493.85
- Short-Term Provisions	8	1,214.91	350.75
		16,348.64	14,767.36
		–	–
TOTAL		**49,142.22**	**43,061.93**
ASSETS:			
1) NON-CURRENT ASSETS			
- Fixed Assets			
i) Fixed Assets	9	18,809.05	12,437.57
ii) Capital Work-in-Progress		–	–
- Non-Current Investments	10	3,260.28	3,228.90
- Long Term Loans and Advances	11	7,171.69	5,911.29
		29,241.03	21,577.75
2) CURRENT ASSETS			
- Current Investments	12	–	23.90
- Inventories	13	4,216.35	5,130.84
- Trade Receivables	14	6,499.62	5,078.65
- Cash and Cash Equivalents	15	7,213.03	9,868.45
- Short-term Loans and Advances	16	1,091.61	846.96
- Other Current Assets	17	880.57	535.38
		19,901.19	21,484.18
		–	–
TOTAL		**49,142.22**	**43,061.93**
Significant accounting policies and Notes on financial statements	1 to 50		

Notes referred above forms integral part of the balance sheet

As per our report of even date attached

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617

Place : **Mumbai**
Date : **27th May, 2017**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

statement of profit and loss for the year ended 31st march, 2017

SARLA PERFORMANCE FIBERS

(Rs. in Lacs)

	Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
INCOME:			
Revenue from operations	18	27,367.21	25,594.13
- Less: Excise duty		1,413.17	1,250.40
		25,954.04	**24,343.73**
Other income	19	2,026.98	2,181.88
		27,981.03	**26,525.62**
EXPENSES:			
Cost of materials consumed	20	10852.69	11,095.03
Purchase of stock-in-trade		57.07	1,159.91
Changes in inventories of finished goods and work-in-progress	21	715.81	(527.97)
Employee benefit expenses	22	921.73	831.10
Finance costs	23	579.11	508.08
Depreciation and amortization expenses	9	1,243.55	1,014.40
Other expenses	24	7,987.37	6,769.85
		22,357.33	**20,850.40**
PROFIT BEFORE TAX:		5,623.69	5,675.21
Tax expense:			
- Current tax (MAT)		1,200.10	1,211.09
- Less: MAT Credit		492.70	3.99
- Net Current Tax		707.40	1,207.10
- Deferred tax		772.60	202.28
- Tax adjustment of earlier years		–	–
Profit for the period		4,143.69	4,265.83
Earning per equity share:			
- Basic		4.96	5.11
- Diluted		4.96	5.11
Significant accounting policies and Notes on financial statements	1 to 50		
Notes referred above forms integral part of the statement of profit and loss			

As per our report of even date attached

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617

Place : **Mumbai**
Date : **27th May, 2017**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

(Rs. in Lacs)

	As on 31st March 2017	As on 31st March 2016
NOTE 1: SHARE CAPITAL:		
AUTHORISED CAPITAL:		
10,00,00,000 Equity Shares Of Re. 1/- Each, (P.Y. 10,00,00,000 Equity Shares of Rs. 1/- Each)	1,000.00	1,000.00
ISSUED, SUBSCRIBED AND PAID UP:		
83,503,000 Equity Shares of Re. 1/- each (P.Y. 8,35,03,000 Equity Shares of Rs. 1/- each)	835.03	835.03
TOTAL	**835.03**	**835.03**

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.

During the year ended 31st March 2017, the amount of per share dividend recognised as distributions to equity shareholders was Rs.1.10/share (31st March 2016 Rs. 1.05 includind interium dividend)

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.

Reconciliation of Outstanding Shares:	31st March 2017 No. of Shares	31st March 2016 No. of Shares
Opening as on 1st April	8,35,03,000	8,35,03,000
Add: Issued during the year	–	–
Less: Forfeited during the year	–	–
Closing as on 31st March	**8,35,03,000**	**8,35,03,000**

Details of Shareholders Holding More Than 5% of the Total Share Capital:

Name of the Shareholder	No. of shares as on 31st March 2017	No. of shares as on 31st March 2016
Hindustan Cotton Company - Through its partners	2,11,64,790	2,11,64,790
Satidham Industries Private Limited	1,29,95,277	1,27,47,910
HDFC Small & Midcap Fund	74,38,170	74,38,170
NOTE 2: RESERVES AND SURPLUS:		
CAPITAL RESERVES:		
Balance as per last balance sheet	194.08	194.08
SECURITIES PREMIUM:		
Balance as per last balance sheet	4,529.00	4,529.00
- Add: Addition during the year	–	–
	4,529.00	4,529.00
GENERAL RESERVE:		
Balance as per last balance sheet	8,274.38	6,774.38
- Add: Transferred from statement of profit & loss	–	1,500.00
	8,274.38	8,274.38

advance, consolidate.

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
SURPLUS:		
Balance as per last balance sheet	8,816.77	6,836.62
Add: Profit for the period	4,143.69	4,265.83
Add: Excess provision for Dividend distribution tax written back	42.50	269.60
Less: Adjustment relating to Fixed Assets (Refer note No. 28)	–	–
Less: Appropriations:		
- Transferred to General reserve	–	1,500.00
- Proposed Dividend	918.53	208.76
- Interim Dividend	–	668.02
- Tax on Dividend	186.99	178.50
Closing balance in statement of profit & loss	11,897.43	8,816.77
TOTAL	**24,894.89**	**21,814.23**
NOTE 3: LONG TERM BORROWING:		
TERM LOANS:		
SECURED LOANS - FROM BANKS		
From Standard Chartered Bank	–	78.77
- Foreign Currency Loan		
(Exclusive charge on wind turbine generator financed and situated at Satara & Sangli Dist. at Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat and personal guarantee of managing director)		
(Term loan of USD 19,00,000 Repayable in 16 equal quarterly installment of USD 1,18,750 each till June 2017)		
From DBS Bank	–	132.66
- Foreign Currency Loan		
(Exclusive charge on wind turbine generator financed and situated at Sangli Dist. At Maharashtra and personal guarantee of managing director)		
(Term loan of USD 30,00,000 Repayable in 15 equal quarterly installment of USD 2,00,000 each till June 2017)		
From YES Bank	1,500.00	1,500.00
- Rupee Term Loan		
(Lien on Fixed Deposits of Rs. 15 crores made with Yes Bank Ltd.)		
(Term loan of Rs. 15,00,00,000 bullet repayment after 60 months)		
From Indusind Bank		
- Rupee Term Loan	1,500.00	–
(Lien on Fixed Deposits of Rs. 15 crores made with Indusind Bank Ltd.)		
(Term loan of Rs. 15,00,00,000 Every year payment of Rs. 50 lacs from 1st to 4th year end and balanec of Rs. 1300 lacs after 5th year)		
From Firstrand Bank	–	–
From Standard Chartered Bank	1,648.96	2,291.78
- Foreign Currency Loan		
(Secured by first charge on pari-pasu basis on the fixed assets of the company except Unit 1 and extention of charge on Wind Turbine Generators financed by Standard Chartered Bank & further secured by lien on mutual funds of Rs. 2.00 crores)		
(Term loan of USD 40,00,000 Repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016)		
TOTAL	**4,648.96**	**4,003.21**

notes on financial statement for the year ended 31st march, 2017

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 4: DEFERRED TAX LIABILITY (NET):		
Deferred Tax Liability -		
On account of depreciation	2,414.70	1,645.02
Less: Deferred Tax Asset -		
On account of Provision for diminution in value of current investment	–	2.92
TOTAL	**2,414.70**	**1,642.10**
NOTE 5: SHORT TERM BORROWING:		
LOANS REPAYABLE ON DEMAND		
- Secured Loans		
- From Banks:		
- Packing Credit Loan	4,540.23	6,678.65
- Foreign Bill Discounting	2,445.02	2,353.53
- Buyers Credit	221.26	201.39
- Overdraft account	980.00	–
(All the above working capital facilities are secured against all the current assets (present and future) of the company except unit 1)		
(These facilities are further secured by second charge on the fixed assets of the company except Unit 1 & Wind Turbine Generator).		
(These facilities are further secured by personal guarantee of Managing Director.)		
TOTAL	**8,186.51**	**9,233.57**
NOTE 6: TRADE PAYABLES:		
TRADE PAYABLES	1,000.85	689.20
TOTAL	**1,000.85**	**689.20**
NOTE 7: OTHER CURRENT LIABILITIES:		
Current maturities of long-term debts (refer note 3)	1,017.18	1,177.36
Unpaid dividend (#)	41.83	65.91
Other Payables:		
TDS payable	29.57	–
Sales tax payable	1.78	0.99
Other statutory dues payable	34.23	0.90
Excise duty payable	163.33	174.67
Sundry creditors (Including Capex Creditors of Rs. 27,66,57,741/-)	3,105.87	2,490.92
Advance from customers	789.66	583.10
Excess cheques drawn	762.90	–
TOTAL	**5,946.36**	**4,493.85**
(#) Amount of Rs. 5,41,366 is transfered to Investor Education and Protection Fund		
NOTE 8: SHORT TERM PROVISIONS:		
For Employee benefits:		
- Provision for gratuity (refer note 39)	65.88	78.52
- Provision for leave encashment	1.86	3.68
- Provision for bonus	11.17	6.91
- Salaries and wages payable	30.47	10.39
	109.38	**99.50**
For others:		
Provision for dividend	918.53	208.76
Provision for tax on dividend	186.99	42.50
	1,105.52	**251.26**
TOTAL	**1,214.91**	**350.75**

NOTE 9: TANGIBLE ASSETS:

(Rs. in Lacs)

Particulars	Gross Carrying Amount				Depreciation					Net Carrying Amount	
	As on 01-04-2016	Addition/ adjustment	Deduction/ adjustment	As on 31-03-2017	Upto 31-03-2016	For the Year	Deduction	Adjustment (Refer Note No. 28)	Upto 31-03-2017	As on 31-03-2017	As on 31-03-2016
Land	91.17	3,102.44	–	3,193.61	–	–	–	–	–	3,193.61	91.17
Factory Building	1,999.45	86.16	–	2,085.61	530.08	63.08	–	–	593.16	1,492.44	1,469.37
Plant and Machinery (#)	10,155.98	1,212.08	–	11,368.05	5,683.06	782.02	–	–	6,465.08	4,902.97	4,472.92
Electrical Installations	450.49	–	–	450.49	254.73	20.92	–	–	275.65	174.83	195.76
Office Equipment	44.02	2.08	–	46.10	32.70	4.02	–	–	36.72	9.38	11.32
Computers and Software	133.52	13.26	0.05	146.74	67.54	28.90	–	–	96.44	50.29	65.98
Vehicles	150.16	40.29	6.21	184.24	92.11	17.37	–	–	109.48	74.76	58.05
Furniture & Fixture	54.71	5.84	–	60.55	29.54	5.32	–	–	34.86	25.69	25.17
Wind Turbine Generator (#)	6,909.92	3,024.63	–	9,934.54	900.77	316.88	–	–	1,217.64	8,716.90	6,009.15
Solar System	7.45	134.39	–	141.84	0.19	1.56	–	–	1.75	140.08	7.25
Other Fixed Assets	78.42	0.13	–	78.55	46.99	3.48	–	–	50.48	28.07	31.43
Total	**20,075.29**	**7,621.30**	**6.26**	**27,690.33**	**7,637.72**	**1,243.55**	**–**	**–**	**8,881.27**	**18,809.05**	**12,437.57**
Previous Year	**16,430.92**	**3,689.51**	**45.14**	**20,075.29**	**6,629.28**	**1,014.40**	**5.96**	**–**	**7,637.73**	**12,437.56**	**9,801.63**

(#) Addition is net of loss of Rs 338,375/- (PY loss of Rs 11,820,625/-) on reinstatement of foreign currency loan taken to acquire the asset. For details refer note 27

SARLA PERFORMANCE FIBERS

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 10: NON -CURRENT INVESTMENT:		
(Valued at cost unless otherwise stated)		
Investment Property	1,580.62	1,649.18
Investment in equity instruments:		
TRADE, UNQUOTED:		
In Wholly owned subsidiary companies:		
Sarla Overseas Holdings Limited (4,35,000 Shares of USD 1.00 each, P.Y. 4,35,000 Shares of USD 1.00 each)	183.22	183.22
Sarlaflex Inc USA (9,89,000 Shares of USD 1.00 each, PY 9,89,000 Shares of USD 1.00 each)	596.50	596.50
NON-TRADE:		
Investment in Preference shares:		
Investment In Tata Motors Finance Limited	500.00	500.00
Investment in Mutual Funds:		
Tata Short Term Bond Fund Plan A-Growth (Units 3,65,262.11 Nav Rs. 30.5684/-, P.Y. Units 3,65,262.11 Nav Rs. 28.1610)	100.00	100.00
DSP Blackrock Short Term Fund- Growth (Units 3,99,769.73 Nav Rs.27.8374/-, P.Y. Units 3,99,769.73 Nav Rs.25.0144/-)	100.00	100.00
IDFC Super Saver Income Fund-Growth (Units 1,41,808.97 Nav Rs.33.3720/-, P.Y. Units 1,41,808.97 Nav Rs.35.2587/-)	50.00	50.00
L & T Income Opportunities Fund - Growth (Units 3,03,988.33 Nav Rs.18.6665/-, P.Y. Units 3,03,988.33 Nav Rs.16.4480/-)	50.00	50.00
Investment in Debentures:		
Invesco Asset Management	99.94	–
TOTAL	**3,260.28**	**3,228.90**
(Aggregate amount of Unquoted investment)	3,260.28	3,228.90
(Provision made for diminution of investment)	–	–
NOTE 11: LONG -TERM LOANS AND ADVANCE:		
(Unsecured, considered good)		
Capital advances	201.93	163.13
Security deposits (#)	426.01	449.83
Other loans and advance (##)	6,543.76	5,298.33
TOTAL	**7,171.69**	**5,911.29**

(#)Includes deposit given to concerns in which directors are interested. Refer Note No. 43

(##)Includes unsecured loan granted to Wholly Owned Subsidiary company. Refer Note No. 43

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 12: CURRENT INVESTMENT:		
(Valued at cost or market value, whichever is lower)		
NON-TRADE INVESTMENTS:		
In Equity shares of - Quoted, fully paid up		
Nil (PY 3000) shares of Arvind Mills Limited of Rs. 10 each	–	5.89
Nil (PY 500) shares of Larsen & Toubro Limited of Rs. 2 each	–	8.97
Nil (PY 500) shares of LIC Housing Finance Limited of Rs. 2 each	–	2.41
Nil (PY 3500) shares of Punjab National Bank Limited of Rs. 2 each	–	7.26
Nil (PY 69) shares of Siyaram Silk Mills Limited of Rs. 10 each	–	0.55
Nil (PY Nil) shares of Hikal Limited of Rs. 10 each	–	3.30
Nil (PY Nil) shares of Syngene Internation Limited of Rs. 10 each	–	3.95
Less : Diminution in value of investment	–	8.44
TOTAL	**–**	**23.90**
(Aggregate amount of quoted investment)	–	32.34
(Provision made for diminution in value of investment)	–	8.44
NOTE 13: INVENTORIES:		
Raw Materials	1,277.20	1,552.28
Work-In-Progress	1,261.24	1,807.61
Finished goods	1,418.12	1,587.56
Stores and Spares	90.82	57.65
Oil & lubricant	84.38	52.59
Power & Fuel	12.53	2.49
Packing Materials	72.05	70.65
TOTAL	**4,216.35**	**5,130.84**
NOTE 14: TRADE RECEIVABLE:		
(Unsecured, considered good)		
Outstanding for more than 6 months from due date	0.97	54.23
Outstanding for less than 6 months form due date	6,498.65	5,024.43
TOTAL	**6,499.62**	**5,078.65**
(#) Includes Receivable from Subsidiary Company. Refer Note No. 43		

notes on financial statement for the year ended 31st march, 2017

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 15: CASH AND BANK BALANCES:		
CASH AND CASH EQUIVALENTS:		
Balance with banks	514.48	335.15
Cash on hand	9.60	13.37
TOTAL	**524.08**	**348.52**
OTHER BANK BALANCES:		
Balance in unpaid dividend account	41.83	65.92
Fixed deposits with remaining maturity for more than 12 months	289.57	396.12
Fixed deposits with remaining maturity for less than 12 months	6,357.55	9,057.90
[Fixed deposits of Rs. 38,74,18,396 (P.Y. Rs.28,28,27,946) pledged as margin money deposit]		
TOTAL	**6,688.96**	**9,519.93**
	7,213.03	**9,868.45**
NOTE 16: SHORT TERM LOANS AND ADVANCES:		
OTHERS		
Unsecured, considered good (#)	483.04	639.71
Advance Income Tax (Net of Provisions)	608.58	207.24
TOTAL	**1,091.62**	**846.96**
NOTE 17: OTHER CURRENT ASSETS:		
Other receivable	494.03	173.50
Interest receivables	386.55	361.88
TOTAL	**880.57**	**535.38**
NOTE: 18: REVENUE FROM OPERATIONS:		
(a) Sale of Products/ Services:		
- Local Sales	10,176.61	8,713.36
- Export Sales	15,169.58	14,621.52
- Deemed Export Sales	351.59	404.86
- Trading Sales	58.26	1,172.92
- Sale of Wind Power	869.37	457.66
	26,625.41	**25,370.32**
(b) Other Operating Revenues:		
- Export benefits	90.15	32.30
- Duty Drawback & Rebate	589.33	–
- Export Incentives (Focus License)	–	127.56
- Sale of Waste yarn	34.98	36.36
- Renewable Energy Certificate income	27.34	27.60
	741.80	**223.82**
TOTAL	**27,367.21**	**25,594.13**

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 19: OTHER INCOME:		
- Dividend Income on Current investments	7.68	0.52
- Dividend Income from wholly owned Subsidiary	210.38	1,337.68
- Profit on sale of fixed assets	–	0.45
- Profit on sale of current investment	15.71	1.44
- Exchange rate difference (Net)	694.34	55.86
- Miscellaneous Income	278.68	3.29
- Interest Income	820.18	782.65
TOTAL	**2,026.98**	**2,181.88**
NOTE 20: COST OF MATERIALS CONSUMED:		
Inventory at the beginning of the year	1,552.28	1,775.44
Add: Purchase	10,577.61	10,871.88
	12,129.89	12,647.31
Less: Inventory at the end of the year	1,277.20	1,552.28
Cost of materials consumed	**10,852.69**	**11,095.03**
NOTE 21: (INCREASE)/ DECREASE IN INVENTORIES:		
INVENTORIES AT THE END OF THE YEAR		
Work-in-progress	1,261.24	1,807.61
Finished goods	1,418.12	1,587.56
	2,679.36	3,395.17
INVENTORIES AT THE BEGINNING OF THE YEAR		
Work-in-progress	1,807.61	1,356.08
Finished goods	1,587.56	1,511.12
	3,395.17	2,867.20
TOTAL	**715.81**	**(527.97)**
NOTE 22: EMPLOYEE BENEFIT EXPENSES:		
Salaries, wages and bonus	794.67	691.67
Contribution to provident and other funds	65.32	59.03
Staff welfare expenses	61.74	80.40
TOTAL	**921.73**	**831.10**
NOTE 23: FINANCE COSTS:		
Interest expenses	475.02	370.18
Bank charges	104.09	137.90
TOTAL	**579.11**	**508.08**

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 24: OTHER EXPENSES:		
MANUFACTURING EXPENSES:		
Consumption of stores and spare parts	423.62	388.46
Power and fuel	1,400.63	1,461.03
Consumption of packing materials	1,149.55	1,043.17
Consumption of oils and chemicals	476.93	431.30
Labour charges	1,282.70	1,131.52
Clearing and forwarding charges	162.21	174.77
Repairs and Maintenance:		
- Building	63.06	33.05
- Machinery	104.55	112.04
Excise duty expenses (#)	788.93	5.34
Custom duty expenses	49.02	–
Water, waste and effulient treatment charges	63.59	66.53
ADMINISTRATIVE AND SELLING EXPENSES:		
Rent	24.06	6.00
Repairs and Maintenance - Others	61.34	66.82
Insurance	31.41	30.22
Rates and taxes	19.14	19.01
Director sitting fees	2.00	2.60
Legal and professional fees	100.73	74.11
Corporate Social Responsibility Expenses	59.94	5.93
Provision for diminution in value of current investment	–	8.44
Miscellaneous expenses	465.32	506.37
Payment to auditor:		
As auditors:		
- Audit fee	10.00	9.00
- Limited review	–	–
In other capacity:		
- Other services (certification fees)	–	–
Freight and forwarding charges	797.99	709.12
Commission on sales	438.47	391.49
Bad debts written off	–	81.87
Transmission charges	12.13	11.66
Net loss on sale of long term investments		
TOTAL	**7,987.37**	**6,769.85**

#Excise duty expenses includes excise duty borne by the company and variation in excise duty on closing stock of finished goods

The advance of technology is based on making it fit in s o that you don't really even notice it, so it's part of everyday life.
- Bill Gates

advance, consolidate,

cash flow statement for the year ended 31st march, 2017

SARLA PERFORMANCE FIBERS

(Rs. in Lacs)

	Current Year 31st March 2017		Previous Year 31st March 2016	
CASH FLOW FROM THE OPERATING ACTIVITIES				
Net Profit Before Tax and Extraordinary items		**5,623.69**		**5,675.21**
ADJUSTMENT FOR				
Depreciation	1,243.55		1,014.40	
Interest Paid	579.11		508.08	
Interest Received	(820.18)		(782.65)	
Capital Gain on Sale of Investment	(15.71)		(1.44)	
Dividend Received	(218.06)	**768.70**	(1,338.20)	**(599.80)**
Operating Profit Before Working Capital Changes		**6,392.40**		**5,075.41**
ADJUSTMENT FOR CHANGES IN WORKING CAPITAL				
Trade & Other Receivable	(1,420.97)		(161.37)	
Inventories	914.49		(255.12)	
Loans & Advances	(1,448.92)		(417.74)	
Trade & Other Payable	1,934.24		1,935.74	
Foreign exchange fluctuation	–	**(21.16)**	–	**1,101.51**
Cash Generated From Operations		**6,371.23**		**6,176.92**
Prior Period Expenses/Extra Ordinary Items	–		–	
Income Tax Paid	(1,108.73)		(1,261.10)	
Deferred Tax Liabilities	–	**(1,108.73)**	–	**(1,261.10)**
Net Cash Flow from Operating Activities (1)		**5,262.50**		**4,915.82**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(7,615.04)		(3,653.44)	
Purchase Of Investment	(7.49)		(2,426.83)	
Dividend Received	218.06		1,338.20	
Gain on Sale of Investment	15.71		1.44	
Sale of Assets	–		3.56	
Interest Received	820.18	**(6,568.57)**	782.65	**(3,954.43)**
Net Cash Flow from Investing Activities (2)		**(6,568.57)**		**(3,954.43)**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	–		–	
Net Proceeds from Bank Borrowings	(561.48)		2,198.27	
Dividend Paid	(208.76)		(1,336.05)	
Dividend Tax Paid	–		–	
Interest Paid	(579.11)	**(1,349.35)**	(508.08)	**354.15**
Net Cash Raised From Financing Activities (3)		**(1,349.35)**		**354.15**
Net Changes in Cash & Cash Equivalent (1+2+3)		**(2,655.42)**		**1,315.53**
Cash And Cash Equivalent - Opening Balance		**9,868.45**		**8,552.92**
Cash And Cash Equivalent - Closing Balance		**7,213.03**		**9,868.45**

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's presentations.

This is the Cash Flow statement referred to in our Report of even date

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA - Partner
Membership No. 40617

Place : **Mumbai**
Date : **27th May, 2017**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

notes on financial statement for the year ended 31st march, 2017

NOTE 25:

A. COMPANY OVERVIEW: Sarla Performance Fibers Limited is a public limited company domiciled in India incorporated under the provisions of the Companies Act. Its shares are listed on stock exchanges in India. The company is engaged primarily in manufacturing of polyester and nylon yarns. The company caters to both domestic and international markets.

B. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING: These financial statements have been prepared and presented to comply with the Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under section 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India.

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 Schedule III to the Companies Act, 2013. Based on the products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

USE OF ESTIMATES: The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

FIXED ASSETS: Fixed Assets including intangible assets are stated at cost net of cenvat / value added tax and includes amount added on revaluation less accumulated depreciation and impairment loss, if any. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets till commencement of commercial production. Adjustments arising from Exchange Rate variations attributable to the Fixed Assets are capitalised.

IMPAIRMENT OF ASSETS: The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired.

If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. The recoverable -amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

The company is of the view that there are no indications of material impairment and the carrying amount of its fixed assets or where applicable, the cash generating unit to which these assets belong, do not exceed their recoverable amounts (i.e., the higher of the assets' net selling price and value in use). Hence, no impairment had arisen during the year as per the recommendations of the Accounting Standard - 28 on Impairment of Assets.

DEPRECIATION & AMORTISATION: Depreciation on tangible assets is provided on straight-line method over the useful lives of assets as prescribed in Schedule II of Companies Act, 2013. Depreciation for assets purchased/ sold during a period is proportionately charged. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its use.

INVESTMENTS: Non-current investments are stated at cost. Provision for diminution in the value of non-current investment is made only if, such a decline is other than temporary in the opinion of management. Current Investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

INVENTORIES: Items of Inventory are valued on the principle laid down by Accounting Standard 2 on "Valuation of Inventories" on the basis given below:

a) Raw Materials and General Stores are valued at cost or realisable value, whichever is less, excluding Cenvat and VAT credit, by FIFO method.

b) Work in Process is valued at raw-material cost or realisable value, whichever is less plus estimated overheads, and excluding Cenvat and VAT.

c) Finished Goods are valued at cost including estimated overheads or net realisable value, whichever is less. The value includes excise duty paid/payable on such goods.

EXCISE DUTY & CENVAT CREDIT: Excise Duties wherever recovered are included in Sales and shown separately in financial statement as deduction from sales. Excise duty provision made in respect of finished goods lying at factory premises are shown separately asan item of manufacturing and other expenses and included in the valuation of finished goods. Cenvat credit available on purchases of service / materials / capital goods is accounted by reducing cost of services / materials / capital goods. Cenvat credit availed of is accounted by way of adjustment against excise duty payable on dispatch of finished goods.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

PROVISIONS: A provision is recognized when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

CONTINGENT ASSETS: Contingent Assets are neither recognised nor disclosed in the financial statements.

CONTINGENT LIABILITIES: A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

Contingent liabilities are not recognised but are disclosed by way of note to financial statements. Provision is made in the accounts for those liabilities which are likely to materialise after the year end till the finalisation of accounts and having effect on the position stated in the balance sheet as at the year end.

FOREIGN EXCHANGE TRANSACTIONS:

INITIAL RECOGNITION: Transactions entered into and those settled during the year in foreign currency are recorded at the actual exchange rates prevailing at the time of the transactions.

CONVERSION: Foreign currency transactions remaining unsettled at the year end and not covered by forward contract are translated at the exchange rates prevailing at the year end.

FORWARD CONTRACTS: In case of item which are covered by forward exchange contract, the difference between the year-end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of the contracts. Forward exchange contracts outstanding as at year end are calculated at the year-end rate and mark to market profit/loss is dealt in the statement of Profit & Loss.

REVENUE RECOGNITION:

A: Sales are recognized, net of returns and trade discounts, on dispatch of goods to customers and are reflected in the accounts at gross realizable value i.e. Inclusive of excise duty but excluding Sales tax and VAT.

Inter-unit sales/ purchases have been eliminated during the year.

In case of export sales, revenue is recognised when the risk and reward on the goods is transferred to the customers.

B: In appropriate circumstances, Revenue (Income) is recognised when no significant uncertainty as to Measurability or collectability exists.

C: Export benefits/incentives are accounted on accrual basis except for focus license income which is recognized as and when the licenses are sold.

D: Interest income is recognized on time proportionate method.

E: Dividend is accrued in the year in which it is declared whereby a right to receive is established.

F: Renewable Energy Certificate (REC) income is recognized as and when such RECs are traded and money is realised.

TAXATION: Tax expense comprises of current and deferred tax.

Current Tax: Provision for current taxation is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with Income Tax Act 1961 for the relevant assessment year.

Deferred Tax: Deferred Tax resulting from "timing differences" between book profits and tax profits is accounted for under the liability method, at the current rate of tax and tax laws that have been enacted or substantively enacted at the Balance Sheet date, to the extent that the timing differences are expected to crystalise, as deferred tax charge /benefit in the Statement of Profit and Loss and as deferred tax asset or liabilities in the Balance Sheet. The deferred tax assets is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in the future.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the Specified period.

EMPLOYEE RETIREMENT BENEFITS:

A: Defined Contribution Plans: The company has defined

contribution plan for Post -employment benefits in the form of Provident fund for all eligible employees; which is administered by the Regional Provident Fund Commissioner. Provident Fund is classified as defined contribution plan as the Company has no further obligation beyond making contribution. The Company's contribution to Defined Contribution Plan is charged to the Statement of Profit and Loss as and when incurred.

B: Defined Benefits Plans: Funded Plan: The Company has a Defined Benefits Plan for Post-employment benefits in the form of gratuity for all eligible employees and the liability for the defined benefit plan of Gratuity is determined on the basis of actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

C: Leave Liability (Short Term Employee Benefits): The Employees of the company are entitled to leave encashment which is encashed annually as per the leave policy of the company. Liability for compensated absences (Unutilised leave benefit) is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary.

D: Termination Benefit are recognized as an expenses as and when incurred.

E: The actuarial gain and losses arising during the year are recognized in the Statement of profit and loss of the year without restoring to any amortization.

BORROWING COST: Borrowing costs that are directly attributable to the acquisition/ construction of qualifying assets are capitalized for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

PROPOSED DIVIDEND: Dividend proposed by the Board of Directors is provided for in the accounts pending approval at the Annual General Meeting.

NOTE 26: CONTINGENT LIABILITIES NOT PROVIDED FOR:

A: CONTINGENT LIABILITIES

1. Letter of credit: Letter of Credit issued by Banks on behalf of the Company Rs. 994.57 Lacs (P.Y. Rs. 2,848.40 Lacs), these are covered by the Charge created in favour of the Company's Bankers by way of Hypothecation of Stocks, Receivable & Machineries/Assets of the Company.

Stand-by Letter of credit issued by Banks on behalf of Sarlaflex, Inc, WOS of USD. 3.68 million (P.Y. USD 8.55 millions) equivalents to Rs. 2,387.22 lacs (P.Y. Rs. 5,670.55 lacs).

2. Guarantees: Bank Guarantees issued by Banks on behalf of the company Rs. 662.74 Lacs (P.Y. Rs. 593.38 Lacs). These are secured by the charge created in favour of the company's bankers by way of pledge of Fixed Deposit Receipts.

3. The 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. 1,627.67 Lacs (P.Y. Rs. 1,196.62 Lacs).

4. The Differential CST liability in respect of Non Collection of C Forms of Rs. 3,203.42 Lacs (P.Y. Rs. 2,604.20).

NOTE 27:

The company has exercised option given in Companies (Accounting Standard) Amendment Rules 2009 on Accounting Standard 11 issued by ICAI which was notified by MCA regarding accounting of exchange rate difference related to foreign currency loan utilised for acquisition of fixed assets by way of notification no. GSR 225(E) dated 31.03.2009 read with notification no. GSR 913(E) dated 29.12.2011. On exercise of option referred above, foreign exchange loss of Rs 3.38 lacs (P.Y. loss of Rs.118.21 lacs) is adjusted in Fixed Assets during the year.

NOTE 28:

The Company has invested USD 4,35,000 equivalent to Rs. 183.22 Lacs for 100% share being 4,35,000 shares of Sarla Overseas Holding Limited registered at British Virgin Islands as a result the said company is Wholly Owned Subsidiary of the Company

The Company has also invested USD 9,89,000 equivalent to Rs. 596.50 Lacs for 100% share being 989000 shares of Sarlaflex, Inc registered at USA as a result the said company is Wholly Owned Subsidiary of the Company.

NOTE 29: RAW MATERIALS CONSUMED:

(Rs. in Lacs)

	Current Year		Previous Year	
	Amount	% of Consumption	Amount	% of Consumption
Imported	5360.17	49.39	6,152.22	55.45
Indigenous	5492.51	50.61	4,942.81	44.55
TOTAL	**10,852.69**	**100.00**	**11,095.03**	**100.00**

NOTE 30: STORES AND SPARES CONSUMED: (Rs. in Lacs)

	Current Year		Previous Year	
	Amount	% of Consumption	Amount	% of Consumption
Imported	35.55	8.39	11.09	2.85
Indigenous	388.07	91.61	377.37	97.15
TOTAL	**423.62**	**100.00**	**388.46**	**100.00**

NOTE 31: C.I.F. VALUE OF IMPORTS: (Rs. in Lacs)

	Current Year	Previous Year
Capital Goods	559.50	786.54
Raw Materials	4,735.22	6,107.31
Trading Goods	0.00	677.20
Stores, packing materials and consumables	464.70	180.31

NOTE 32: EXPENDITURE IN FOREIGN CURRENCY: (Rs. in Lacs)

	Current Year	Previous Year
Traveling	26.27	60.00
Commission on export sales	208.08	221.65
Interest	109.24	151.64

NOTE 33: EARNINGS IN FOREIGN CURRENCY: (Rs. in Lacs)

	Current Year	Previous Year
F.O.B. value of exports	14,635.78	15,193.24

NOTE 34:

Freehold land includes, Land acquired during the year 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.

NOTE 35: TAXATION:

Provision for taxation for the current year has been made, taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

In accordance with AS-22 on 'Accounting of Taxes on Income' net deferred tax expenses on account of timing difference for current year is Rs. 772.60 lacs (P.Y. income of Rs. 202.27 lacs) which is credited to statement of profit and loss.

NOTE 36: EARNING PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders(after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net 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 effects of all dilutive potential equity shares.

The Basic and Diluted EPS is calculated as under:

Particulars	2016-17	2015-16
Profit attributable to Equity Shareholders (Rs in Lacs)	4,143.68	4,265.83
No. of equity shares (of Re 1 each)	83,503,000	83,503,000
Earnings Per Share	4.96	5.11

NOTE 37:

Company does not have complete information to determine Micro, Small and Medium Enterprises as specified in Micro, Small and Medium Enterprises Development Act, 2006, hence it is not possible for us to verify the amount due to such enterprises.

I try to live my life one day at a time,
and if I look too far in advance, I get really stressed.
- Hope Solo

notes on financial statement for the year ended 31st march, 2017

NOTE 38: DISCLOSURE IN ACCORDANCE WITH REVISED AS - 15 ON "EMPLOYEE BENEFITS": (Rs. in Lacs)

Defined Benefit Plans:	Current Year Gratuity	Previous Year Gratuity
i) Changes in the present value of Obligations		
Present value of Defined Benefit Obligation on 01-04-2016	1,76,31,871	1,65,62,063
Interest Cost	14,10,550	12,83,560
Current Service Cost	13,39,407	12,92,556
Benefit Paid during the year	(10,10,108)	(10,92,272)
Actuarial (Gain)/Loss on Defined Benefit Obligation	(2,43,915)	(4,14,036)
Present value of Defined Benefit Obligation	**1,91,27,805**	**1,76,31,871**
ii) Changes in the Fair Value of Plan Assets		
Fair Value of Plans Assets as on 01-04-2016	97,80,278	95,52,962
Expected Return on Plan Assets for the year ending 31-3-2017	9,14,957	8,10,430
Contribution made by the employer	28,54,968	5,09,158
Benefit paid during the year	(10,10,108)	(10,92,272)
Acturial gain (Loss) on plan assets	–	–
Fair Value of Plans Assets as on 31-03-2017	**1,25,40,095**	**97,80,278**
iii) Amount to be recognised in the Balance Sheet		
Present Value of the Defined Gratuity Benefits Obligation 31-03-2016	1,91,27,805	1,76,31,871
Fair Value of Plans Assets as on 31-03-2017	1,25,40,095	97,80,278
Liability Recognised in the Balance Sheet	**65,87,710**	**78,51,593**
iv) Expenses recognised in the Statement of Profit & Loss		
Current Service Cost	13,39,407	12,92,556
Interest Cost on Obligation	14,10,550	12,83,560
Expected Return on Plan Assets	(9,14,957)	(8,10,430)
Actuarial (Gain)/Loss on Defined Benefit Obligation	(2,43,915)	(4,14,036)
Expenses recognised in the Statement of Profit & Loss	**15,91,085**	**13,51,650**
v) Actual Return on Plan Assets		
Expected Return on Plan Assets	9,14,957	8,10,430
Actuarial gain (Loss) on plan assets	–	–
Actual Return on Plan Assets	**9,14,957**	**8,10,430**
vi) Actuarial Assumptions		
Rate of interest	7.25%	8.00%
Salary growth	8.5%	8.5%
Withdrawal rate	1%	1%

NOTE 39: DERIVATIVE INSTRUMENTS:

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts outstanding as at 31st March, 2017 are as under:

Sr. No.	Currency Exchange	USD/ INR	EURO/ INR	EURO/ USD
1.	Number of 'Buy' Contracts	5	NIL	NIL
2.	Aggregate Currency Amount (In Rs. Lacs)	738.90	NIL	NIL
3.	Number of 'Sell' Contracts	29	29	1
4.	Aggregate Currency Amount (In Rs. Lacs)	2,334.24	2,562.25	173.13

As at the Balance Sheet date, the foreign currency exposure not hedged by a derivative instrument or otherwise aggregates Rs. 10,746.28 lacs (March 31, 2016 : Rs. 9,236.13 lacs) for receivables (net of provisions) and Rs. 10,002.53 lacs (March 31, 2016 : Rs. 13,330.08 lacs) for payables.

NOTE 40:

Managing Director's remuneration is Rs. 147.00 Lacs (P.Y. Rs. 120.00 Lacs) & the whole time Director's remuneration is Rs. 132.00 Lacs (P.Y. Rs. 108.00 Lacs) is in accordance with section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

NOTE 41:

Particulars of Loans, Guarantees or Investments covered under section 186 (4) of the Companies Act, 2013

Name of Subsidiary	Nature	Amount (In Lacs)	Purpose
Sarla Overseas Holdings Ltd	Investment in Shares	183.22	Capital Investment
Sarlaflex Inc	Investment in Shares	596.50	Capital Investment
Sarlaflex Inc	Loans	6,142.11	Capital Expenditure and Working Capital

NOTE 42: SEGMENT REPORTING:

A) Information about Primary Business Segment: Based on the guiding principles given in the Accounting Standards on Segment Reporting (AS-17) the company is primarily in the business of manufacturing and processing of synthetic yarn which mainly having similar risk and returns. The Company has diversified its activities into Wind Power Generation, hence the company's business activity now falls under two business segments, viz. (i) Manufacturing of Yarn and (ii) Generation of Wind Power.

B) Information about Secondary Geographical Segment: The secondary segment is based on geographical demarcation i.e. in India and out side India.

C) Information about primary and secondary segments are follows (Rs. in Lacs)

Particulars	2016-17			2015-16		
	In India	Outside India	Total	In India	Outside India	Total
Segment Revenue (Net of excise duty)						
Yarn:	9,829.49	15,169.58	24,999.07	8,064.04	14,621.52	22,685.56
Manufacturing :	58.26		58.26	1,172.92		1,172.92
Trading : *	896.71		896.71	485.26		485.26
Generation of Wind Power	**10,784.46**	**15,169.58**	**25,954.04**	**9,722.22**	**14,621.52**	**24,343.74**
Segment Results						
Yarn:						
Manufacturing :			5,689.69			6,069.55
Trading: *			1.19			13.01
Wind Power			510.80			100.73
Less: Finance cost (Unallocable)			579.10			508.08
Profit before tax			5,622.58			5,675.21
Segment Assets						
Yarn	38,129.18		38,129.18	37,000.60		37,000.60
Generation of Wind Power	9,501.53		9,501.53	6,061.33		6,061.33
Segment Liabilities						
Yarn	16,245.73		16,245.73	15,957.81		15,957.81
Generation of Wind Power	4,550.24		4,550.24	4,444.86		4,444.86
Capital Expenditure						
Yarn	21,883.45		21,883.45	21,031.79		21,031.79
Generation of Wind Power	4,951.29		4,951.29	1,616.47		1,616.47

NOTE 43: RELATED PARTY TRANSACTIONS:

The Company has identified following related parties with whom transactions have taken place during the year:

1) **Concerns in which Directors are interested**
M/s Satidham Industries Private Ltd.
M/s Hindustan Cotton Co.

2) **Key Management Personnel & their Relatives**
Madhusudan Jhunjhunwala - Chairman
Krishna Jhunjhunwala - Managing Director
Neha Jhunjhunwala - Relative

3) **Joint Ventures of Subsidiary Company**
Savitex SA De C.V., Honduras
MRK SA De C.V., Honduras
Sarla Tekstil Filament Sanayi Ticaret A.S.

4) **Subsidiary and step down subsidiary Companies**
M/s Sarla Overseas Holding Ltd. - Subsidiary company
M/s SarlaFlex Inc - Subsidiary company
M/s Sarla Europe, Lda - Step down subsidiary company

Details of transactions with above related parties: (Rs. in Lacs)

	Associates Enterprises		Key Management personnel & Relatives		Joint Ventures		Subsidiary and step down subsidiary Co.	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Rent paid	6.00	6.00	–	–	–	–	–	–
Investment In Shares	–	–	–	–	–	–	779.71	779.71
Unsecured Loan Given	–	–	–	–	–	–	6,142.11	5,268.68
Remuneration	–	–	279.00	228.00	–	–	–	–
Advance Received	–	–	–	–	–	–	–	–
Security Deposit	250.00	250.00	–	–	–	–	–	–
Interest / Comission paid	–	–	–	–	–	–	82.32	94.35
Sale of Goods	–	–	–	–	–	–	3,629.02	3,776.95
Debtors	–	–	–	–	–	–	617.53	468.31
Dividend Received	–	–	–	–	–	–	210.38	1,337.68
Sale of Machinary	–	–	–	–	–	–	–	–

Note: Related party relationship is as identified by the company and relied upon by the Auditors.

NOTE 44:

In the opinion of the Management, the Current Assets and Loans and Advances as shown in the books are expected to realise at their Book Value in the normal course of business and adequate provision have been made in respect of all known liabilities.

NOTE 45:

The company has contributed Rs. 59.94 lacs towards CSR activities from the company during the year. There is a short fall of Rs. 27.09 lacs towards spending on CSR as required under section 135 of the Companies Act, 2013.

NOTE 46:

Disclosures as required under clause 32 of the listing agreement Loans and Advances Include amount receivable from subsidiaries

Particulars	Current Year	Previous Year
Sarlaflex Inc.	6,142.11	5,286.68
Maximum amount due at any time during the year	6,142.11	7,091.65

NOTE 47:

During the year, the company has specified Bank notes, and other denomination note in definied in the MCA notification GSR 308(E) dated March 31,2017 on the details of Bank notes (SBNs) held and transacted during the period from November 9, 2016 to December 30, 2016 Denomination wise SBNs and other notes as per notification is given below:

Particular	SBNs	Other Denomination	Total
Closing cash in hand as on 08/11/2016	16,91,000	4,299	16,95,299
(+) Permitted Receipts	0	23,92,516	23,92,516
(-) Permitted Payments	0	19,69,011	19,69,011
(-) Amount deposited in banks	16,91,000	71,211	17,62,211
Closing cash in hand as on 31/12/2016	**0**	**3,56,593**	**3,56,593**

For the purpose of this clause the term specified Bank notes shall have same meaning provided in notification of the Government of india in the ministry of finance department of Economic Affair number SO 3407 (E) dated 08 November 2016.

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NOTE 48:

The company has taken office premises under cancelable lease. Lease rent accounted in statement of profit and loss Rs.6.00 lacs (Previous Year Rs. 6.00). The said lease is renewable at the option of the lessor & lessee. The deposit paid in respect of the same is Rs. 250.00 lacs (Previous Year Rs.250.00 lacs).

NOTE 49:

Certain balances under the heads Sundry Debtors, Loans & Advances and Sundry Creditors are subject to confirmations from the respective parties and consequential reconciliation, if any.

NOTE 50:

The company has reclassified/rearranged/regrouped previous year figures to conform to this year's classification.

AS PER OUR ANNEXED REPORT

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA - Partner
Membership No. 40617

Place : **Mumbai**
Date : **27th May, 2017**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

independent auditors' report to the members of sarla performance fibers limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Sarla Performance Fibers Limited (the company)& its Wholly owned subsidiary company (collectively referred as "group") which comprise the consolidated Balance Sheet as at 31 March 2017, the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

EMPHASIS OF MATTER

The statements includes unaudited figures in respect of Sarlaflex, Inc USA. wholly owned subsidiary company which are approved by their management whose financial statement reflects total assets of Rs. 17,335.22 lacs and total revenue of Rs. 4,639.53 lacs for the year then ended 31.03.2017. Our report is not qualified for the same.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of other Auditor on the financial statement of step-down subsidiary and results of subsidiary and Joint-ventures as noted below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view, ***subject to note no 37 regarding non consideration of financial statement of three joint venture companies situated at Honduras and Turkey,*** in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017 and its consolidated profit and its consolidated cash flows for the year ended on that date.

OTHER MATTERS:

1. Financial statements of Wholly Owned Subsidiary Company which reflects total assets of Rs.6,385.77 lacs as at 31.03.2017 and total revenue of Rs.4,555.38 lacs for the year then ended have been audited by us.

2. We did not audit the financial statements of one step-down subsidiary company which reflects total assets of Rs.251.78 lacs as at 31.03.2017 and total revenue of Rs.251.43 lacs for the year then ended. These financial statements have been audited by

other auditors whose reports have been furnished to us and our opinion, is based solely on the report of the other auditor.

3. The consolidated financial statements for the year ended 31.03.2017 does not include financial statements of Savitex SA. De.C.V., M/s. MRK SA. De.C.V. and Sarla Tekstil Filament Sanayi, Turkey which are joint venture companies of wholly owned subsidiary company as the same has not been received.

For **SUNDARLAL, DESAI & KANODIA**
Chartered Accountants
Firm Registration No. 110560W

H. P. Kanodia
Partner
Membership No. 40617

Place: Mumbai
Date: 27th May, 2017

consolidated balance sheet as at 31st march, 2017

(Rs. in Lacs)

	Note No.	Current Year 31st March 2017	Previous Year 31st March 2016
EQUITY AND LIABILITIES:			
1) SHAREHOLDER'S FUNDS			
- Share Capital	1	835.03	835.03
- Reserves and Surplus	2	28,527.04	25,345.86
		29,362.07	26,180.89
2) NON-CURRENT LIABILITIES			
- Long-Term Borrowings	3	14,122.22	17,173.93
- Deferred Tax Liabilities (Net)	4	1,572.01	771.26
- Other Non Current Liabilities	5	216.57	345.45
		15,910.79	18,290.64
3) CURRENT LIABILITIES			
- Short-Term Borrowings	6	9,709.31	10,786.81
- Trade Payables	7	1,538.54	1,341.51
- Other Current Liabilities	8	7,720.80	5,700.63
- Short-Term Provisions	9	1,214.91	350.75
		20,183.57	18,179.71
TOTAL		**65,456.44**	**62,651.23**
ASSETS:			
1) NON-CURRENT ASSETS			
- Fixed Assets			
i) Fixed Assets	10 & 11	27,016.20	21,072.68
ii) Capital Work-in-Progress		–	–
- Long Term Loans and Advances	12	1,647.17	3,437.46
- Non-Current Investments	13	8,396.52	8,501.07
		37,059.89	33,011.21
2) MINORITY INTEREST		7.97	24.07
3) CURRENT ASSETS			
- Current Investments	14	–	23.90
- Inventories	15	7,861.73	9,266.50
- Trade Receivables	16	9,542.75	7,599.11
- Cash and Cash Equivalents	17	7,701.86	11,012.27
- Short-term Loans and Advances	18	2,348.06	1,122.66
- Other Current Assets	19	934.17	591.51
		28,388.57	29,615.95
TOTAL	1 to 42	**65,456.44**	**62,651.23**
Significant accounting policies and Notes on financial statements			

Notes referred above forms integral part of the balance sheet

As per our report of even date attached

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617

Place : **Mumbai**
Date : **27th May, 2017**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

advance, consolidate.

consolidated statement of profit and loss for the year ended 31st march, 2017

SARLA PERFORMANCE FIBERS

(Rs. in Lacs)

	Note No.	Current Year 31st March 2017	Previous Year 31st March 2016
INCOME:			
Revenue from operations	20	31,890.73	31,199.42
- Less: Excise duty		1,413.17	1,250.40
		30,477.56	29,949.02
Other income	21	3,028.08	1,121.54
		33,505.65	**31,070.56**
EXPENSES:			
Cost of materials consumed	22	11,894.18	12,303.45
Purchase of stock-in-trade		91.71	953.67
Changes in inventories of finished goods and work-in-progress	23	1,101.59	(1,015.74)
Employee benefit expenses	24	2,418.51	2,154.72
Finance costs	25	712.84	647.50
Depreciation and amortization expenses	10 & 11	1,784.61	1,545.44
Other expenses	26	9,884.37	9,401.83
		27,887.82	**25,990.86**
PROFIT BEFORE TAX:		5,617.83	5,079.70
Tax expense:		–	–
- Current tax (MAT)		1,213.75	1,227.57
- Less: MAT Credit		492.70	3.99
- Net Current Tax		721.05	1,223.58
- Deferred tax		772.60	(658.02)
Profit for the period (before adjustment of Minority Interest)		4,124.18	4,514.14
Less: share of Profit transferred to Minority Interest		16.07	9.69
Profit for the period (after adjustment of Minority Interest)		4,108.10	4,504.45
Earning per equity share (refer note 37)			
- Basic		4.92	5.39
- Diluted		4.92	5.39
Significant accounting policies and Notes on financial statements	1 to 42		

Notes referred above forms integral part of the statement of profit and loss

As per our report of even date attached

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617

Place : **Mumbai**
Date : **27th May, 2017**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

consolidated cash flow statement for the year ended 31st march, 2017

(Rs. in Lacs)

		Current Year 31st March 2017		Previous Year 31st March 2017
CASH FLOW FROM THE OPERATING ACTIVITIES				
Net Profit Before Tax and Extraordinary items		**5,601.76**		**5,070.01**
ADJUSTMENT FOR				
Depreciation	1,784.61		1,545.44	
Interest Paid	712.84		647.50	
Interest Received	(820.18)		(782.65)	
Gain on Sale of Fixed Assets	–		(0.45)	
Capital Gain on Sale of Investment	(15.71)		(1.44)	
Dividend Received	(7.68)	**1,653.87**	(0.52)	**1,407.87**
Operating Profit Before Working Capital Changes		**7,255.63**		**6,477.89**
ADJUSTMENT FOR CHANGES IN WORKING CAPITAL				
Trade & Other Receivable	(1,927.55)		83.20	
Inventories	1,404.77		(639.98)	
Loans & Advances	623.56		2,657.62	
Trade & Other Payable	2,189.85		1,527.21	
Foreign exchange fluctuation	137.02	**2,427.65**	(504.35)	**3,123.69**
Cash Generated From Operations		**9,683.29**		**9,601.58**
Prior Period Expenses/Extra Ordinary Items	–		–	
Income Tax Paid	(1,122.38)		(1,277.58)	
Deferred Tax Liabilities	–	**(1,122.38)**	–	**(1,277.58)**
Net Cash Flow from Operating Activities (1)		**8,560.90**		**8,323.99**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(7,728.13)		(3,692.99)	
Purchase of Investment	128.46		(2,768.07)	
Dividend Received	7.68		0.52	
Gain on Sale of Investment	15.71		1.44	
Sale of Assets	–		3.56	
Interest Received	820.18	**(6,756.09)**	782.65	**(5,672.90)**
Net Cash Flow from Investing Activities (2)		**(6,756.09)**		**(5,672.90)**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	–		–	
Net Proceeds from Bank Borrowings	(4,192.70)		933.06	
Dividend Paid	(209.68)		(1,329.75)	
Interest Paid	(712.84)	**(5,115.22)**	(647.50)	**(1,044.19)**
Net Cash Raised From Financing Activities (3)		**(5,115.22)**		**(1,044.19)**
Net Changes in Cash & Cash Equivalent (1+2+3)		**3,310.41**		**1,606.91**
Cash And Cash Equivalent - Opening Balance		**11,012.29**		**9,405.38**
Cash And Cash Equivalent - Closing Balance		**7,701.86**		**11,012.29**

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's presentations.

This is the Cash Flow statement referred to in our Report of even date

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA - Partner
Membership No. 40617

Place : **Mumbai**
Date : **27th May, 2017**

SARLA PERFORMANCE FIBERS

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 1: SHARE CAPITAL:		
AUTHORISED CAPITAL:		
10,00,00,000 Equity Shares of Re. 1/- Each, (P.Y. 10,00,00,000 Equity Shares of Rs. 1/- each)	1,000.00	1,000.00
ISSUED, SUBSCRIBED AND PAID UP:		
83,503,000 Equity Shares of Re. 1/- each (P.Y. 8,35,03,000 Equity Shares of Rs. 1/- each)	835.03	835.03
	835.03	**835.03**

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.

During the year ended 31st March 2017, the amount of per share dividend recognised as distributions to equity shareholders was Rs. 1.10 (31st March 2016, Rs. 1.05)

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.

Reconciliation of Outstanding Shares:	31st March 2017 No. of Shares	31st March 2016 No. of Shares
Opening as on 1st April	8,35,03,000	8,35,03,000
Add: Issued during the year	–	–
Less: Forfeited during the year	–	–
Closing as on 31st March	**8,35,03,000**	**8,35,03,000**

Details of Shareholders Holding More Than 5% of the Total Share Capital:

Name of the Shareholder	No. of shares as on 31st March 2017	No. of shares as on 31st March 2016
Hindustan Cotton Company - Through its partners	2,11,64,790	2,11,64,790
Satidham Industries Private Limited	1,29,95,277	1,27,47,910
HDFC Small & Midcap Fund	74,38,170	74,38,170

NOTE 2: RESERVES AND SURPLUS:		
CAPITAL RESERVES:		
Balance as per last balance sheet	239.48	239.48
SECURITIES PREMIUM:		
Balance as per last balance sheet	4,529.00	4,529.00
- Add: Addition during the year	–	–
	4,529.00	4,529.00
GENERAL RESERVE:		
Balance as per last balance sheet	8,274.38	6,774.38
- Add: Transferred from statement of profit & loss	–	1,500.00
	8,274.38	8,274.38

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
SURPLUS:		
Balance as per last balance sheet	13,453.77	11,228.70
Add: Profit for the period	4,108.10	4,504.45
Add: Excess provision for Dividend distribution tax written back	42.50	269.60
Less: Adjustment relating to Fixed Assets (Refer note No. 28)	–	–
Less: Appropriations:		
- Transferred to General reserve	–	1,500.00
- Proposed Dividend	919.45	202.46
- Interim Dividend	–	668.02
- Tax on Dividend	186.99	42.50
- Tax on Interim Dividend	0	136.00
Closing balance in statement of profit & loss	**16,497.92**	**13,453.77**
Foreign Currency translation reserve	**(1,016.81)**	**(1,153.12)**
Profit on Consolidation	**3.06**	**3.06**
TOTAL	**28,527.04**	**25,346.58**
NOTE 3: LONG TERM BORROWING:		
TERM LOANS:		
SECURED LOANS - FROM BANKS		
From Standard Chartered Bank	–	78.77
- Foreign Currency Loan		
(Exclusive charge on wind turbine generator financed and situated at Satara & Sangli Dist. at Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat and personal guarantee of managing director)		
(Term loan of USD 19,00,000 Repayable in 16 equal quarterly installment of USD 1,18,750 each till June 2017)		
From DBS Bank	–	132.66
- Foreign Currency Loan		
(Exclusive charge on wind turbine generator financed and situated at Sangli Dist. At Maharashtra and personal guarantee of managing director)		
(Term loan of USD 30,00,000 Repayable in 15 equal quarterly installment of USD 2,00,000 each till June 2017)		
From YES Bank	1,500.00	1,500.00
- Rupee Term Loan		
(Lien on Fixed Deposits of Rs. 15 crores made with Yes Bank Ltd.)		
(Term loan of Rs. 15,00,00,000 bullet repayment after 60 months)		
From Indusind Bank		
- Rupee Term Loan	1,500.00	–
(Lien on Fixed Deposits of Rs. 15 crores made with Indusind Bank Ltd.)		
(Term loan of Rs. 15,00,00,000 Every year payment of Rs. 50 lacs from 1st to 4th year end and balanec of Rs. 1300 lacs after 5th year)		
From Standard Chartered Bank		
- Foreign Currency Loan	1,648.96	2,291.78
(Secured by first charge on pari-pasu basis on the fixed assets of the company except Unit 1 and extention of charge on Wind Turbine Generators financed by Standard Chartered Bank & further secured by lien on mutual funds of Rs. 2.00 crores)		

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(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
(Term loan of USD 40,00,000 Repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016)		
From CITI BANK NA, USA	45.90	789.32
From Bank of America	182.37	435.30
(Above loans are secured by stand by letter of credit given by Sarla Performance Fibers Limited)		
SECURED LOANS - NNMF		
NNMF Sub-CDE XXIII, LLC LOAN "A"	5,915.95	6,051.90
(Investment in USBCDC Investment fund 8, LLC)		
NNMF Sub-CDE XXIII, LLC LOAN "B"	2,428.95	2,484.77
(Above loans are secured against the Fixed Assets of Sarlafle LLC)		
UNSECURED LOANS		
Other loans and advances	9.00	34.09
TOTAL	**14,122.22**	**17,173.93**
NOTE 4: DEFERRED TAX LIABILITY (NET):		
Deferred Tax Liability -		
On account of depreciation	2,414.70	1,645.02
Less: Deferred Tax Asset -	–	–
On account of carryforward losses	842.70	870.84
On account of Provision for diminution in value of current investment	–	2.92
TOTAL	**1,572.01**	**771.26**
NOTE 5: OTHER NON CURRENT LIABILITIES:		
Creditors for Capital goods	216.57	345.45
TOTAL	**216.57**	**345.45**
NOTE 6: SHORT TERM BORROWING:		
LOANS REPAYABLE ON DEMAND		
- Secured Loans		
- From Banks:		
- Packing Credit Loan	4,540.21	6,678.65
- Foreign Bill Discounting	2,445.02	2,353.53
- Buyers Credit	221.26	201.39
- Overdraft account	980.00	–
- Working Capital Demand Loan	1,296.80	1,326.60
(All the above working capital facilities are secured against all the current assets	–	–
(present and future) of the company.		
(These facilities are further secured by first charge on the fixed assets of the company		
except Wind Turbine Generator).		
(These facilities are further secured by personal guarantee of Managing Director.)		
# (secured by Stand by Letter of credit given by Sarla Peformance Fibers Limited.)		
Unsecured Loans from Related Concerns	226.00	226.64
TOTAL	**9,709.31**	**10,786.81**

notes on consolidated financial statement for the year ended 31st march, 2017

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 7: TRADE PAYABLES:		
TRADE PAYABLES		
Trade Payables (refer note 34)	1,538.54	1,341.51
TOTAL	**1,538.54**	**1,341.51**
NOTE 8: OTHER CURRENT LIABILITIES:		
Current maturities of long-term debts	2,180.14	2,243.64
Unpaid dividend	41.83	65.91
Other Payables:		
TDS payable	29.66	0.09
Sales tax payable	1.78	0.99
Other statutory dues payable	39.50	5.98
Excise duty payable	163.33	174.67
Sundry creditors (inculdes creditor for Capex of Rs. 27,66,57,741)	3,162.32	2,460.30
Advance from customers	787.98	582.13
Excess cheques drawn	762.90	–
Other liabilities	551.35	166.92
TOTAL	**7,720.80**	**5,700.63**
(#) Amount of Rs. 5,41,366 is transfered to Investor Education and Protection Fund		
NOTE 9: SHORT TERM PROVISIONS:		
For Employee benefits:		
- Provision for gratuity	65.88	78.52
- Provision for leave encashment	1.86	3.68
- Provision for bonus	11.17	6.91
- Salaries and wages payable	30.47	10.39
	109.38	**99.50**
For others:		
Provision for dividend	918.53	208.76
Provision for tax on dividend	186.99	42.50
	1,105.53	**251.26**
TOTAL	**1,214,91**	**350.75**

No advance in wealth, no softening of manners,
no reform or revolution has ever brought human equality a millimeter nearer.

NOTE 10: TANGIBLE ASSETS:

(Rs. in Lacs)

Particulars	Gross Carrying Amount				Depreciation					Net Carrying Amount	
	As on 01-04-2016	Addition/ adjustment	Deduction/ adjustment	As on 31-03-2017	Upto 31-03-2016	For the Year	Deduction	Adjustment (Refer Note No. 28)	Upto 31-03-2017	As on 31-03-2017	As on 31-03-2016
Land	153.15	3,102.44	–	3,255.59	3.23	1.40	–	–	4.63	3,250.96	149.91
Factory Building	3,981.47	86.16	–	4,067.63	653.85	117.53	–	–	771.39	3,296.24	3,327.62
Plant and Machinery (#)	18,239.76	1,324.69	–	19,564.45	7125.25	1,156.99	–	–	8,282.24	11,282.21	11,114.51
Electrical Installations	464.15	–	–	464.15	265.73	20.92	–	–	286.65	177.50	198.43
Office Equipment	50.87	2.55	0.59	52.83	37.36	5.10	0.59	–	41.87	10.96	13.51
Computers and Software	170.28	13.26	0.05	183.50	79.71	34.88	–	–	114.59	68.90	90.56
Vehicles	178.55	40.29	6.21	212.63	105.33	19.72	–	–	125.05	87.58	73.22
Furniture & Fixture	112.77	5.84	–	118.60	57.66	6.15	–	–	63.81	54.79	55.10
Wind Turbine Generator (#)	6,909.92	3,024.63	–	9,934.54	900.76	316.88	–	–	1,217.64	8,716.90	6,009.15
Solar System	7.45	134.39	–	141.84	0.19	1.56	–	–	1.75	140.08	7.25
Other Fixed Assets	80.29	0.13	–	80.42	48.58	103.47	–	–	152.06	(71.64)	31.71
Total	**30,348.66**	**7,734.39**	**6.85**	**38,076.20**	**9,277.68**	**1,784.61**	**0.59**	**–**	**11,061.70**	**27,014.50**	**21,070.98**

(#) Addition is net of loss of Rs 338,375/- (PY loss of Rs 11,820,625/-) on reinstatement of foreign currency loan taken to acquire the asset. For details refer note 29

NOTE 11: INTANGIBLE ASSETS:

(Rs. in Lacs)

Particulars	Gross Carrying Amount				Depreciation					Net Carrying Amount	
	As on 01-04-2016	Addition/ adjustment	Deduction/ adjustment	As on 31-03-2017	Upto 31-03-2016	For the Year	Deduction		Upto 31-03-2017	As on 31-03-2017	As on 31-03-2016
Computer Software	9.23	0.18	–	9.41	7.52	0.18	–	–	7.70	1.70	1.70
TOTAL	**9.23**	**0.18**	**–**	**9.41**	**7.52**	**0.18**	**–**	**–**	**7.70**	**1.70**	**1.70**

SARLA PERFORMANCE FIBERS

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 12: LONG -TERM LOANS AND ADVANCE:		
(Unsecured, considered good)		
Capital advances	201.93	163.13
Security deposits	426.01	449.83
Advance paid for Property at Dadra	–	–
Other loans and advance	1,019.24	2,874.49
TOTAL	**1,647.17**	**3,437.45**
NOTE 13: NON-CURRENT INVESTMENT:		
Investment in USBCDC Investment Fund 8, LLC	5,915.95	6,051.90
Investment Property	1,580.62	1,649.18
NON-TRADE:		
Investment in Preference shares:		
Investment In Tata Motors Finance Limited	500.00	500.00
Investment in Mutual Funds:		
Tata Short Term Bond Fund Plan A-Growth (Units 3,65,262.11 Nav Rs. 30.5684/-, P.Y. Units 3,65,262.11 Nav Rs. 28.1610)	100.00	100.00
DSP Blackrock Short Term Fund- Growth (Units 3,99,769.73 Nav Rs.27.8374/-, P.Y. Units 3,99,769.73 Nav Rs.25.0144/-)	100.00	100.00
IDFC Super Saver Income Fund-Growth (Units 1,41,808.97 Nav Rs.33.3720/-, P.Y. Units 1,41,808.97 Nav Rs.35.2587/-)	50.00	50.00
L & T Income Opportunities Fund - Growth (Units 3,03,988.33 Nav Rs.18.6665/-, P.Y. Units 3,03,988.33 Nav Rs.16.4480/-)	50.00	50.00
Investment in Debentures:		
Invesco Asset Management	99.94	–
TOTAL	**8,396.52**	**8,501.07**
NOTE 14: CURRENT INVESTMENT:		
(Valued at cost or market value, whichever is lower)		
Non-trade investments:		
In Equity Shares - Quoted, fully paid up		
Nil (PY 3000) shares of Arvind Mills Limited of Rs. 10 each	–	5.89
Nil (PY 500) shares of Larsen & Toubro Limited of Rs. 2 each	–	8.97
Nil (PY 500) shares of LIC Housing Finance Limited of Rs. 2 each	–	2.41
Nil (PY 3500) shares of Punjab National Bank Limited of Rs. 2 each	–	7.26
Nil (PY 69) shares of Siyaram Silk Mills Limited of Rs. 10 each	–	0.55
Nil (PY Nil) shares of Hikal Limited of Rs. 10 each	–	3.30
Nil (PY Nil) shares of Syngene Internation Limited of Rs. 10 each	–	3.95
Less : Diminution in value of investment	–	8.44
	–	**23.90**
(Aggregate amount of Unquoted investment)	–	23.90
(Provision made for diminution in value of investment)	–	8.44

advance, consolidate.

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 15: INVENTORIES:		
(As taken, valued and certified by the Management)		
Raw Materials	1,507.84	1,826.58
Work-In -Progress	1,589.45	2,208.90
Finished goods	4,248.81	4,756.39
Stores and Spares	110.34	72.55
Oil & lubricant	106.33	91.43
Power & Fuel	12.53	2.49
Packing Materials	134.84	157.29
Other Inventories	151.59	151.59
TOTAL	**7,861.73**	**9,267.22**
NOTE 16: TRADE RECEIVABLE:		
(Unsecured, considered good)		
Outstanding for more than 6 months from due date	0.97	54.23
Outstanding for less than 6 months form due date	9,541.79	7,544.88
TOTAL	**9,542.75**	**7,599.11**
NOTE 17: CASH AND BANK BALANCES:		
CASH AND CASH EQUIVALENTS:		
Balance with banks	1,002.94	1,478.38
Cash on hand	9.96	13.97
	1,012.91	**1,492.35**
OTHER BANK BALANCES:		
Balance in unpaid dividend account	41.83	65.92
Fixed deposits with remainingmaturity for more than 12 months	289.57	396.12
Fixed deposits with remainingmaturity for less than 12 months	6,357.55	9,057.90
[Fixed deposits of Rs. 38,74,18,396 (P.Y. Rs.28,28,27,946) pledged as margin money deposit]		
	6,688.96	**9,519.93**
TOTAL	**7,701.86**	**11,012.29**
NOTE 18: SHORT TERM LOANS AND ADVANCES:		
To Others		
Unsecured, considered good	1,739.48	915.41
Advance Income Tax (Net of Provisions)	608.58	207.24
TOTAL	**2,348.06**	**1,122.66**
NOTE 19: OTHER CURRENT ASSETS:		
Other receivable	500.17	182.19
Interest receivables	386.55	361.88
Pre-oprative expenses	47.44	47.44
TOTAL	**934.17**	**591.51**

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 20: REVENUE FROM OPERATIONS:		
(a) Sale of Products/ Services:		
- Local Sales	10,753.36	9,644.26
- Export Sales	14,559.60	16,047.13
- Deemed Export Sales	351.59	404.86
- Trading Sales	4,463.04	4,238.06
- Sale of Wind Power	869.37	457.66
TOTAL	**30,996.96**	**30,791.97**
(b) Other Operating Revenues:		
- Export benefits	90.15	32.29
- Duty Drawback	589.33	–
- Export Incentives(Focus License)	–	127.56
- Sale of Waste yarn	34.98	36.36
- Miscellaneous Income	151.96	183.63
- Renewable Energy Certificate income	27.34	27.60
	893.77	**407.45**
TOTAL	**31,890.73**	**31,199.42**
NOTE 21: OTHER INCOME:		
- Dividend Income on Current investments	7.68	0.51
- Dividend Income on Non current Investments	–	–
- Profit on sale of fixed assets	–	0.45
- Profit on sale of current investment	15.71	1.44
- Exchange rate difference (Net)	694.34	55.86
- Miscellaneous Income	1,490.16	280.62
- Interest Income	820.18	782.64
- Credit balance written back	–	–
TOTAL	**3,028.08**	**1,121.54**
NOTE 22: COST OF MATERIALS CONSUMED:		
Inventory at the beginning of the year	1,978.17	2,178.79
Add: Purchase	11,578.52	12,102.84
Add: interunit transfer purchases	–	–
	13,556.69	14,281.62
Less: interunit transfer sales	–	–
Less: Inventory at the end of the year	1,662.51	1,978.17
Cost of materials consumed	**11,894.18**	**12,303.45**
NOTE 23: (INCREASE)/ DECREASE IN INVENTORIES:		
INVENTORIES AT THE END OF THE YEAR		
Work-in-progress	1,589,45	2,208.90
Finished goods	4,274.24	4,756.39
	5,863.70	6,965.29
INVENTORIES AT THE BEGINNING OF THE YEAR		
Work-in-progress	2,208.90	1,815.86
Finished goods	4,756.39	4,133.68
	6,965.29	5,949.55
TOTAL	**1,101.59**	**(1,015.74)**

(Rs. in Lacs)

	Current Year 31st March 2017	Previous Year 31st March 2016
NOTE 24: EMPLOYEE BENEFIT EXPENSES:		
Salaries, wages and bonus	2,023,25	1,838.73
Contribution to provident and other funds	333.51	235.59
Staff welfare expenses	61.74	80.40
TOTAL	**2,418.51**	**2,154.72**
NOTE 25: FINANCE COSTS:		
Interest expenses	601.50	497.19
Bank charges	111.34	150.30
TOTAL	**712.84**	**647.50**
NOTE 26: OTHER EXPENSES:		
MANUFACTURING EXPENSES:		
Consumption of stores and spare parts	460.40	471.99
Power and fuel	1,941.56	2,150.31
Consumption of packing materials	1,375.96	1,383.58
Consumption of oils and chemicals	555.72	548.50
Labour charges	1,347.89	1,655.56
Clearing and forwarding charges	334.71	356.28
Repairs and Maintenance:		
- Building	63.06	33.25
- Machinery	146.62	152.06
Excise duty expenses (#)	788.93	5.34
Custom duty expenses	49.02	–
Water, waste and effulient treatment charges	124.55	117.85
ADMINISTRATIVE AND SELLING EXPENSES:		
Rent	53.41	72.65
Repairs and Maintenance - Others	62.63	77.22
Insurance	138.77	98.46
Rates and taxes	327.84	43.71
Director sitting fees	2.00	2.60
Legal and professional fees	184.95	164.09
Corporate Social Responsibility Expenses	59.94	5.93
Provision for diminution in value of current investment		8.44
Miscellaneous expenses	552.44	589.47
Payment to auditor:		
As auditors:		
- Audit fee	10.00	11.27
- Limited review	–	–
In other capacity:		
- Other services (certification fees)	–	–
Freight and forwarding charges	929.05	810.42
Commission on sales	362.75	307.28
Bad debts written off	–	323.89
Transmission charges	12.13	11.66
TOTAL	**9,884.37**	**9,401.83**

Excise duty expenses includes excise duty borne by the company and variation in excise duty on closing stock of finished goods

NOTE 27: SIGNIFICANT ACCOUNTING POLICIES:

ACCOUNTING CONVENTION: The Accounts are prepared on accrual basis under the historical cost convention except for certain fixed assets which are at revalued amounts.

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS: The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles ('Indian GAAP') including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements relate to Sarla Performance Fibers Limited ('the Company') and its subsidiary companies i.e. Sarla Overseas Holdings Limited & Sarlaflex, Inc. The consolidated financial statements have been prepared on the following basis:

A: The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements.

B: In case of foreign subsidiary, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.

C. The financial statement of the subsidiary company i.e. Sarla Overseas Holdings Limited (consolidated with the Company) includes financial statements of its subsidiary company i.e. step down subsidiary and its interest in joint venture companies. Financial statements of subsidiary company is combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements". Interest in joint venture have been accounted by using proportionate consolidation method as per Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures".

D: As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

E: The consolidated financial statement represents those of Sarla Performance Fibers Limited and its wholly owned subsidiary, Sarla Overseas Holdings Ltd., BVI (SOHL). Financial statements of SOHL includes, Sarla Europe, LDA in which SOHL holds 60% of its Share Capital, Savitex in which SOHL holds 40% of its Share Capital, Sarla Tekstil in which SOHL holds 45% of its Share Capital and MRK SA De C.V. in which SOHL hold 33.33% of its Share Capital. The company SOHL 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 & Financial results of Sarla Tekstil have also not been considered as same has not been received. In case the matter is decided against the company, then company will have to write off total amount of Rs. 2,349.91 lacs which includes investments, Debtors, Loan granted & accumulated profit of aforesaid companies.

F: Minority interest's share of net profit of Consolidated Subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.

USE OF ESTIMATES: The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialized.

FIXED ASSETS: Fixed Assets including intangible assets are stated at cost net of cenvat / value added tax and includes amount added on revaluation less accumulated depreciation and impairment loss, if any. All Cost is inclusive of Freight, Duties, (net of tax credits as applicable) levies and any directly attributable cost till commencement of commercial production. Adjustments arising from Exchange Rate variations attributable to the Fixed Assets are capitalised.

IMPAIRMENT OF ASSETS: The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. The recoverable - amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

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The company is of the view that there are no indications of material impairment and the carrying amount of its fixed assets or where applicable, the cash generating unit to which these assets belong, do not exceed their recoverable amounts (i.e., the higher of the assets' net selling price and value in use). Hence, no impairment had arisen during the year as per the recommendations of the Accounting Standard - 28 on Impairment of Assets.

DEPRECIATION & AMORTISATION: Depreciation on tangible assets is provided on straight-line method over the useful lives of assets as prescribed in Schedule II of Companies Act, 2013. Depreciation for assets purchased/sold during a period is proportionately charged. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its use.

INVESTMENTS: Non current investments are stated at cost. Provision for diminution in the value of non-current investment is made only if, such a decline is other than temporary in the opinion of management. Current Investments are carried at lower of cost and fair value.

INVENTORIES:

A: Raw Materials and General Stores are valued at cost or realisable value, whichever is less, excluding Cenvat and VAT credit, by FIFO method.

B: Work in Process is valued at raw-material cost or realisable value, whichever is less plus estimated overheads, but excluding Cenvat and VAT.

C: Finished Goods are valued at cost including estimated overheads or net realisable value, whichever is less. The value includes excise duty paid/payable on such goods.

EXCISE DUTY & CENVAT CREDIT: Excise Duties wherever recovered are included in Sales and shown separately in financial statement as deduction from sales. Excise duty provision made in respect of finished goods lying at factory premises are shown separately as an item of manufacturing and other expenses and included in the valuation of finished goods. Cenvat credit available on purchases of service / materials / capital goods is accounted by reducing cost of services / materials / capital goods. Cenvat credit availed of is accounted by way of adjustment against excise duty payable on dispatch of finished goods.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions: A provision is recognized when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Assets: Contingent Assets are neither recognised nor disclosed in the financial statements.

Contingent Liabilities: A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

Contingent liabilities are not recognised but are disclosed by way of note on the balance sheet. Provision is made in the accounts for those liabilities which are likely to materialise after the year end till the finalisation of accounts and having effect on the position stated in the balance sheet as at the year end.

FOREIGN EXCHANGE TRANSACTION:

Initial cognition: Transactions entered into and those settled during the year in foreign currency are recorded at the actual exchange rates prevailing at the time of the transactions.

Conversion: Foreign currency transactions remaining unsettled at the year end and not covered by forward contract are translated at the exchange rates prevailing at the year end.

Forward Contracts: In case of item which are covered by forward exchange contract, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of the contracts. Forward exchange contracts outstanding as at year end are calculated at the year end rate and mark to market profit/loss is dealt in the statement of Profit & Loss Account.

REVENUE RECOGNITION:

A: Sales are recognized, net of returns and trade discounts, on dispatch of goods to customers and are reflected in the accounts at gross realizable value i.e. inclusive of excise duty. Inter-unit sales/ purchases have been eliminated during the year. In case of export sales, revenue is recognized when the risk and reward on the goods is transferred to the customers.

B: In appropriate circumstances, Revenue (Income) is recognised when no significant uncertainty as to Measurability or collectability exists.

C: Export benefits/incentives are accounted on accrual basis

except focus license income which is recognized on cash basis.

D: Interest income is recognised on time proportionate method.

E: Dividend is accrued in the year in which it is declared whereby a right to receive is established.

F: Renewable Energy Certificate (REC) income is recognized on cash basis.

TAXATION :

A: Tax expense comprises of current and deferred tax.

Current Tax: Provision for current taxation is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with Income Tax Act 1961 for the relevant assessment year.

Deferred Tax: Deferred Tax resulting from "timing differences" between book profits and tax profits is accounted for under the liability method, at the current rate of tax and tax laws that have been enacted or substantively enacted at the Balance Sheet date, to the extent that the timing differences are expected to crystalise, as deferred tax charge /benefit in the Statement of Profit and Loss and as deferred tax asset or liabilities in the Balance Sheet. The deferred tax assets is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in the future.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the Specified period.

BORROWING COST: Borrowing costs that are directly attributable to the acquisition/ construction of qualifying assets are capitalized for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

PROPOSED DIVIDEND: Dividend proposed by the Board of Directors is provided for in the accounts pending approval at the Annual General Meeting.

NOTE 28: CONTINGENT LIABILITIES NOT PROVIDED FOR:

A. CONTINGENT LIABILITIES

1. Letter of credit: Letter of Credit issued by Banks on behalf of the Company Rs. 994.57 Lacs (P.Y. Rs. 2,848.40 Lacs), these are covered by the Charge created in favour of the Company's Bankers by way of Hypothecation of Stocks, Receivable & Machineries/Assets of the Company.

2. Guarantees: Bank Guarantees issued by Banks on behalf of the company Rs. 662.74 Lacs (P.Y. Rs 593.38 Lacs). These are secured by the charge created in favour of the company's bankers by way of pledge of Fixed Deposit Receipts.

3. The 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. 1,627.67 Lacs (P.Y. Rs. 1,196.62 Lacs).

4. CST liability in respect of invoice amount of Rs. 3,203.42 Lacs (P.Y. Rs. 2,604.20 Lacs) for which C-Form are yet to be collected from the customers.

NOTE 29:

The company has exercised option given in Companies (Accounting Standard) Amendment Rules 2009 on Accounting Standard 11 issued by ICAI which was notified by MCA regarding accounting of exchange rate difference related to foreign currency loan utilised for acquisition of fixed assets by way of notification no. GSR 225(E) dated 31.03.2009 read with notification no. GSR 913(E) dated 29.12.2011. On exercise of option referred above, foreign exchange loss of Rs 3.38 lacs (P.Y. loss of Rs. 118.21lacs) is adjusted in Fixed Assets during the year.

NOTE 30:

Managing Director's remuneration is Rs.147.00 Lacs (P.Y. Rs.120.00 Lacs) & the whole time Director's remuneration is Rs. 132.00 Lacs (P.Y. Rs. 108.00 Lacs) is in accordance with section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

NOTE 31: TAXATION:

Provision for taxation for the current year has been made, taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

In accordance with AS-22 issued by the Institute of Chartered

Accountants of India on 'Accounting of Taxes on Income' net deferred tax expenses on account of timing difference for current year is Rs. 772.60 lacs (P.Y. Income of Rs. 658.02 lacs) which is credited/ debited to statement of profit and loss.

NOTE 32: EARNING PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders(after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net 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 effects of all dilutive potential equity shares.

NOTE 33:

Company does not have complete information to determine Micro, Small and Medium Enterprises as specified in Micro, Small and Medium Enterprises Development Act, 2006, hence it is not possible for us to verify the amount due to such enterprises.

NOTE 34: DERIVATIVE INSTRUMENTS:

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts outstanding as at 31st March, 2017 are as under:

Sr. No.	Currency Exchange	USD/ INR	EURO/ INR	EURO/ USD
1.	Number of 'Buy' Contracts	6	NIL	NIL
2.	Aggregate Currency Amount (In Rs. Lacs)	738.90	NIL	NIL
3.	Number of 'Sell' Contracts	29	29	1
4.	Aggregate Currency Amount (In Rs. Lacs)	2,334.24	2,562.25	173.13

As at the Balance Sheet date, the foreign currency exposure not hedged by a derivative instrument or otherwise aggregates Rs. 10,746.28 lacs (March 31, 2016 : Rs. 9,236.13 lacs) for receivables (net of provisions) and Rs. 10,002.53 lacs (March 31, 2016 : Rs. 13,330.08 lacs) for payables.

NOTE 35:

In the opinion of the Management, the Current Assets and Loans and Advances as shown in the books are expected to realise at their Book Value in the normal course of business and adequate provision have been made in respect of all known liabilities.

NOTE 36:

The company has taken office premises under cancelable lease. Lease rent accounted in statement of profit and loss Rs. 6.00 lacs (Previous Year Rs. 6.00). The said lease is renewable at the option of the lessor & lessee. The deposit paid in respect of the same is Rs. 250.00 lacs (Previous Year Rs. 250.00 lacs).

NOTE 37:

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.

The statements includes unaudited figures in respect of Sarlaflex,Inc USA. wholly owned subsidiary company which are approved by their management. Our report is not qualified for the same.

Let our advance worrying become advance thinking and planning.
- Winston Churchill

NOTE 38:

Additional information regarding the Subsidiary Companies and Joint Venture Company considered in the consolidated financial statements are as under:

	31st March, 2017			
Name of Director	**Net Assets / (Net liabilities) i.e., total assets minus total liabilities**		**Share in Profit / (Loss)**	
	As a % of consolidated net assets/(liabilities)	Amount (Rs. Lacs)	As a % of consolidated profit/(loss)	Amount (Rs. Lacs)
Parent				
Sarla Performance Fibers Limited	87.63%	25,729.92	100.87%	4,143.69
Subsidiaries				
Foreign				
Sarla Overseas Holding limited*#	25.37%	7,449.26	32.56%	1337.49
Sarlaflex Inc*	(10.32%)	(3,029.42)	(27.92%)	(1,146.62)
Minority Interest in all subsidiaries	(0.03%)	(7.97)	(0.39%)	(16.07)
Intercompany Elimination	(2.66%)	(779.72)	(5.12%)	(210.38)
	100.00%	**29,362.07**	**100.00%**	**4,107.40**

*Figures after consolidation with their subsidiaries
#Figures after consolidation with their Joint ventures as per proportionate consolidation.

NOTE 39:

The company is of the view that there are no indications of material impairment and the carrying amount of its fixed assets or where applicable, the cash generating unit to which these assets belong, do not exceed their recoverable amounts (i.e., the higher of the assets' net selling price and value in use). Hence, no impairment had arisen during the year as per the recommendations of the Accounting Standard - 28 on Impairment of Assets.

NOTE 40:

In the opinion of the Management, the Current Assets and Loans and Advances as shown in the books are expected to realise at their Book Value in the normal course of business and adequate provision have been made in respect of all known liabilities.

NOTE 41:

Certain balances under the heads Sundry Debtors, Loans & Advances and Sundry Creditors are subject to confirmations from the respective parties and consequential reconciliation, if any.

NOTE 42:

The company has reclassified/rearranged/regrouped previous year figures to conform to this year's classification.

As per our report of even date attached

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617

Place : **Mumbai**
Date : **27th May, 2017**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

SARLA PERFORMANCE FIBERS

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 FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the **Twenty Fourth Annual General Meeting** of the members of Sarla Performance Fibers Limited [CIN: L31909DN1993PLC000056] will be held on Friday, 29th September, 2017, at 11:00 a.m., at the Registered Office of the Company at Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa - 396230, U.T. of Dadra & Nagar Haveli to transact the following business:

ORDINARY BUSINESS:

Item No. 1 - Adoption of Financial Statements

To receive, consider and adopt

a) the Audited standalone financial statements of the Company for the financial year ended 31st March, 2017 and the Reports of the Board of Directors and Auditors thereon;

b) the Audited consolidated financial statements of the Company for the financial year ended 31st March, 2017 and the Reports of the Auditors thereon.

Item No. 2 - Declaration of Dividend

To declare dividend of Rs. 1.10 per Equity Shares for the financial year ended 31st March, 2017.

Item No. 3 - Appointment of Director

To appoint a Director in place of Ms. Neha K. Jhunjhunwala [DIN:07144529], who retires by rotation as per the provisions of Section 152 of the Companies Act, 2013 and being eligible, offers herself, for re-appointment.

Item No. 4 - Appointment of Auditor

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force), CNK & Associates LLP, Chartered Accountants, Mumbai (ICAI Firm Registration No. 101961W) be and are hereby appointed as Statutory Auditors of the Company in place of the retiring auditors, Sundarlal, Desai & Kanodia, Chartered Accountants, Mumbai, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Twenty Ninth Annual General Meeting of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM held till Twenty Ninth AGM, at such remuneration plus applicable tax, out-of-pocket, travelling and other expenses etc., as may be mutually agreed between the Board of Directors and the Auditors."

SPECIAL BUSINESS:

Item No. 5 - Ratification of appointment and remuneration of Cost Auditor for financial year 2017-18:

To consider and if thought fit, to pass with or without modification(s), the following resolution 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), approval of the Board of Directors of the Company for payment of remuneration of Rs. 2,00,000/- (Rupees Two Lacs only) plus applicable taxes and reimbursement of actual travel and out-of-pocket expenses for the financial year ending 31st March, 2018, to B.F. Modi & Associates, Cost Accountants, Vapi (Membership Number: 6955) for conducting audit of cost accounts of the Company, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place : **Mumbai**
Date : **27th May, 2017**

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,
Email: investors@sarlafibes.com

The difficulties you meet will resolve themselves as you advance.
Proceed, and light will dawn, and shine with increasing clearness on your path.
- Jim Rohn

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts concerning the business under Item Nos. 5 of the Notice, is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. THE INSTRUMENT APPOINTING THE PROXY MUST BE FILLED, STAMPED AND DULY SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. Body Corporates who are members of the Company are requested to send duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.

4. Members are requested to bring their attendance slip while attending the Meeting. Members holding shares in DEMAT form are requested to write their DP ID and Client ID and those holding shares in physical form are requested to write their Folio Numbers on the attendance slip for attending the Meeting.

5. Pursuant to sections 101 and 136 of the Companies Act, 2013 read with the rules framed thereunder, the Notice calling the Annual General Meeting along with the Annual Report for the year ended 31st March, 2017 would be sent by electronic mode to those members whose e-mail addresses are registered with the Depository or the Company's Registrar and Transfer Agents, unless the members have requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies would be sent by the permitted mode.

6. Members are requested to support this green initiative by registering/ updating their e-mail addresses with the depository participant (in case of shares held in Demat form) or with Sharex Dynamics (India) Private Limited (in case of shares held in physical form).

7. Members may also note that Notice of the 24th Annual General Meeting and the Annual Report for financial year ended 31st March, 2017 is also available on the Company's website at www.sarlafibers.com

8. Annual Report copies will not be distributed at the Meeting. Members are therefore requested to bring their copies of the Annual Report.

9. As required by Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of directors seeking re-appointment at the ensuing Annual General Meeting is given in this notice.

10. In case of joint holders attending the Meeting, joint holder ranked higher in the order of names will be entitled to vote at the Meeting.

11. The register of members and share transfer books of the Company shall remain closed from Saturday, 23rd September, 2017 to Friday, 29th September, 2017 (both days inclusive).

12. Members holding shares in demat (electronic) account are requested to notify changes, if any, in their address, e-mail address, bank mandate, etc. to their respective Depository Participants (Dps). Members holding shares in physical form are requested to intimate the changes to the Company's Registrars.

13. Members desirous of getting any information concerning the Accounts or Operations of the Company may send their queries at least 7 days before the Annual General Meeting, to the Company Secretary, at the registered office of the Company or by email to investors@sarlafibers.com.

14. The dividend for the year ended 31st March, 2017 as recommended by the Board, if approved at the Annual General Meeting will be paid to those members whose names appear on the Company's register of members on Friday, 22nd September, 2017. In respect of shares held in demat form; the dividend will be paid to the beneficial owners of shares as per details furnished by the depositories for the purpose. The dividend will be paid on and from Friday, 29th September, 2017.

15. a) In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate to the Company's registrars the following information to be incorporated on the dividend warrants duly signed by the sole or first joint holder:

Name of the Sole/First joint holder and the Folio Number
Particulars of Bank Account, viz:
Name of the Bank
Name of the Branch
Complete address of the Bank with Pin Code Number
Account Type whether Saving or Current
Bank Account Number
MICR Code
IFSC Code

b) Members holding shares in Demat form may please note that their bank account details, as furnished by their depositories to the Company, shall be printed on their dividend warrants as per the applicable regulation of the depositories and the Company shall not entertain any direct request from the members for deletion of or change in bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form shall not be automatically applicable to shares held in Demat form. Members who wish to change their bank details or particulars are requested to contact their depository participants.

c) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided facility to the members for remittance through Electronic Clearing System (ECS). The ECS facility is available at locations designated by Reserve Bank of India. Members holding shares in physical form and desirous of availing the facility are requested to contact the Registrars.

16. In terms of Sections 124 and 125 of the Companies Act, 2013 any dividend which remains unpaid or unclaimed for a period of 7 years from the due date of payment is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) of the Central Government. The Company has therefore transferred an amount of Rs. 5,41,366/- unpaid or unclaimed dividends for the financial year ended 31st March, 2009 on 24th November, 2016, to the IEPF. For the financial year ended 31stMarch, 2010, the Company shall in accordance with the provisions, transfer the amount to the IEPF within 30 days from 29th September, 2017. Members who have not as yet encashed their dividend warrants for the financial year ended 31st March, 2010 thereafter are requested to write to the Company /Registrars and Share Transfer Agents. Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed or unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of such claim.

17. Additionally, pursuant to sub-section (6) of Section 124 of the Companies Act, 2013 read with the IEPF Rules, all shares in respect of which dividend has not been claimed for past seven consecutive years shall be transferred by the Company in the name of IEPF by way of credit to the Demat Account established by the IEPF Authority on or before 31st May 31, 2017 or such other date as may be specified by the Central Government in this regard. Any person whose shares are thus transferred to IEPF may claim his/her/its shares under proviso to Section 124(6) of the Act by following the process given under Rule 7 of the IEPF Rules.

18. In terms of the relevant IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends for the financial years 2009-10 to 2015-16 under Investor Center on the website of the Company at www.sarlafibers.com

19. Facility of nomination is now available and members are requested to make use of the same by contacting the Registrars in case of physical holding and DPs in case of Demat holdings.

20. For any assistance or information about shares, dividend, etc., members may contact the Company or the Registrars.

21. Members are requested to quote their Folio Number/Demat Account Number and contact details such as email address, contact number and complete address in all correspondences with the Company or its registrars.

22. Members who hold shares in multiple folios and in identical names are requested to contact the Registrars for consolidating their holdings into a single folio.

23. 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 the PAN to their Depository Participant with whom they are having demat accounts. Members holding shares in physical form are requested to submit PAN details to the Company/ Registrar.

24. The details of the person seeking re-appointment as Director under Item No. 3 of the Notice in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard - 2 on General Meetings are also annexed hereto.

Name of Director	**Ms. Neha K. Jhunjhunwala**
Date of Birth	22.02.1989
Date of Appointment	31.03.2015
Expertise in specific functional areas	Experience in Human Resource Management and Marketing
Qualification	BMS & Master of Science in Marketing and Strategy
Directorship in other Companies (excluding Foreign and Section 8 Companies) as on 31st March, 2017	NIL
Chairmanship/ Membership of the Committee as on 31st March, 2017 (Includes only Audit and	NIL
Stakeholders' Grievance Committee) Number of Shares held on 31st March, 2017	4000

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of Ms. Neha Jhunjhunwala, please refer to the Corporate Governance Report.

advance, consolidate.

25. E- Voting:

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), 2015, the Company is pleased to provide its members with the facility of exercising their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

II. The facility for voting through of Ballot / Polling Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot / Polling paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences on Tuesday, 26th September, 2017 (9:00 am IST) and ends on Thursday, 28th September, 2017 (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, 22nd September, 2017, 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.

V. The Board of Directors at their meeting held on 27th May, 2017 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.

VI. 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, 1st October, 2017.

VII. The Results declared alongwith 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 the stock exchanges where the shares of the Company have been listed.

VIII. The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

iii) Click on Shareholder - Login

iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

vii) Select "EVEN" of "SARLA PERFORMANCE FIBERS LIMITED".

viii) Now you are ready for remote e-voting as Cast Vote page opens.

ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

x) Upon confirmation, the message "Vote cast successfully" will be displayed.

xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

xii) 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to mail@csajitsathe.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN

ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

iii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

iv) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

v) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

vi) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22nd September, 2017.

vii) Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22nd September, 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or evoting@sharexindia.com.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

viii) 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.

ix) 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.

x) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot / Polling Paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

xi) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

xii) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.sarlafibers.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges where the Company's shares are listed.

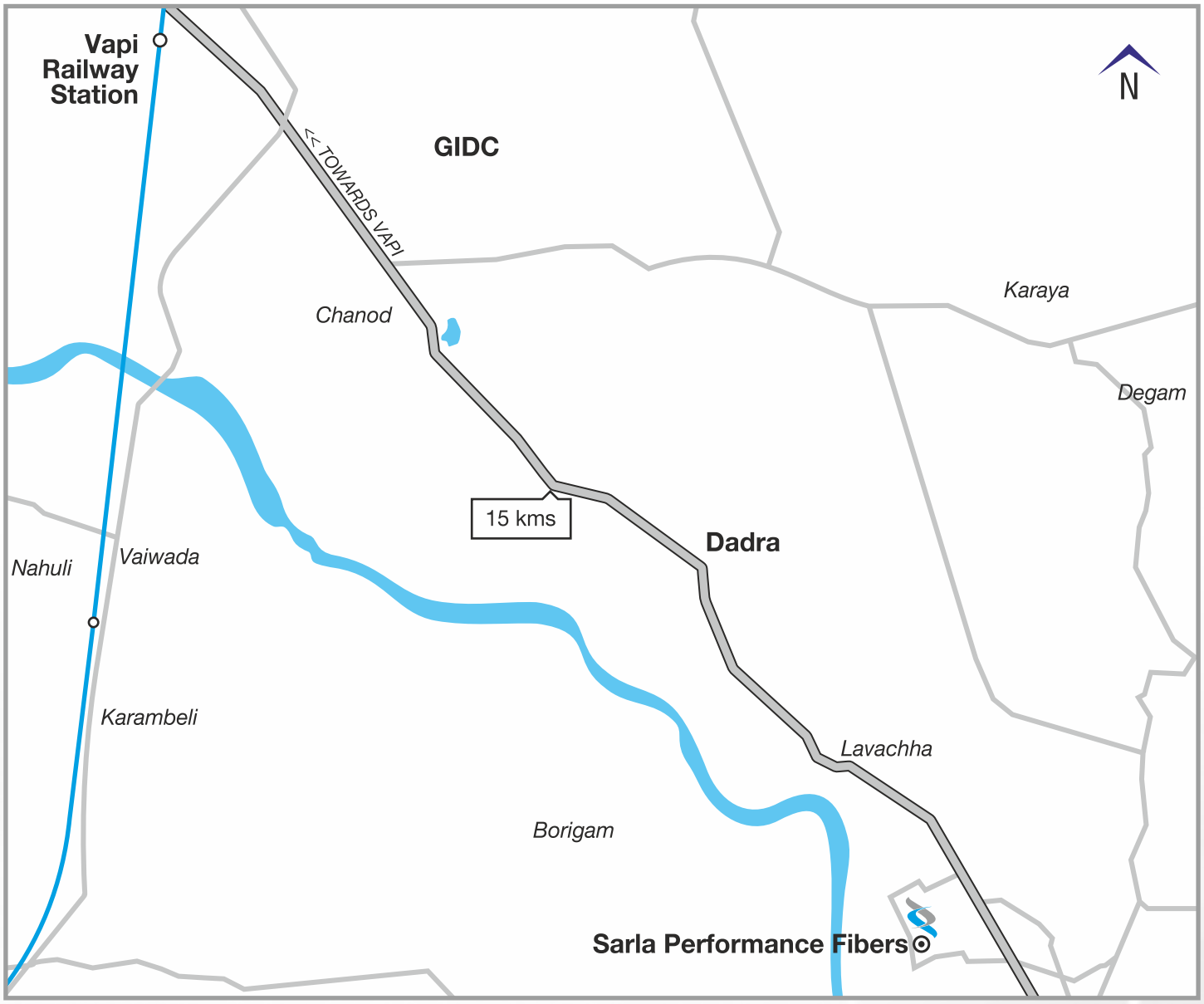
FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place : **Mumbai**
Date : **27th May, 2017**

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,
Email: investors@sarlafibes.com

route map: spfl registered office



Note: Map not to scale/distance mentioned is approximate.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place : **Mumbai**
Date : **27th May, 2017**

Registered Office:
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Survey No. 59/1/4, Amli Piparia Industrial Estate,
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Email: investors@sarlafibes.com

Do not yield to misfortunes, but advance more boldly to meet them, as your fortune permits you. - Virgil

EXPLANATORY STATEMENT IN RELATION TO ITEM NO. 4 (ORDINARY BUSINESS) PERTAINING TO APPOINTMENT OF STATUTORY AUDITORS.

Section 139 of the Companies Act, 2013 ('the Act') which came into effect from April 1, 2014, read with the Rules made thereunder provides for mandatory rotation of statutory auditors. In terms of Section 139(2) of the Act, the maximum tenure of the audit firm is restricted to two consecutive terms of 5 years each. The Proviso to the Section 139(2) also lay down the transitional period of 3 years for which the existing auditors who had already completed 10 years before the Act came into force could continue to act as statutory auditors. Sundarlal, Desai & Kanodia, Chartered Accountants, Mumbai have been the Statutory Auditors of the Company for more than 10 years and will be completing the transitional period at the conclusion of the Twenty Fourth Annual General Meeting (AGM) of the Company scheduled to be held on 29th September, 2017. Accordingly, now in compliance with the provisions of Section 139(2) of the Act, the Audit Committee and the Board of Directors at their respective meetings held on 27th May, 2017 have considered and recommended the appointment of CNK & Associates LLP, Chartered Accountants, Mumbai (ICAI Firm Registration No. 101961W), as Statutory Auditors of the Company for a period of 5 (five) years commencing from the conclusion of the Twenty Fourth AGM till the conclusion of the Twenty Ninth AGM of the Company, subject to ratification by the Members at every AGM till the Twenty Ninth AGM. CNK & Associates LLP, Chartered Accountants, have consented to act as the Statutory Auditors of the Company and have also provided their written confirmation that their appointment, if made, would be in accordance with the provisions of Section 139(1) of the Act read with Companies (Audit and Auditors) Rules, 2014 and that they further satisfy the criteria provided under Section 141 of the Act. They have also confirmed that they hold a valid certificate issued by the "Peer Review Board" of the Institute of Chartered Accountants of India in accordance with the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("SEBI Listing Regulations"). The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Shareholders.

None of the Directors of the Company or Key Managerial Personnel ("KMP") or their relatives are, in any way, concerned or interested financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

STATEMENT TO BE ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

5. APPOINTMENT OF COST AUDITORS.

The Board of Directors of the Company at their Board meeting held on 27th May, 2017 has considered and approved the appointment of B.F. Modi & Associates, Cost Accountants, Vapi, (having Membership No. 6955) as the cost auditor of the Company for the financial year 2017-18 at a remuneration of Rs. 2,00,000/- plus applicable taxes and out of pocket expenses that may be incurred.

The Board recommends this resolution for approval of the Members for ratification of the remuneration payable to the cost auditor for the financial year 2017-18. The Directors therefore, recommend the Ordinary Resolution for the approval of the shareholders.

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.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place : **Mumbai**
Date : **27th May, 2017**

Registered Office:
SARLA PERFORMANCE FIBERS LIMITED
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Silvassa, U.T. of Dadra &Nagar Haveli - 396230,
Email: investors@sarlafibes.com

notes

SARLA PERFORMANCE FIBERS

notes

advance, consolidate.

SARLA PERFORMANCE FIBERS

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
Tel: 0260 3290467, Fax: 0260 2631356
Website: www.sarlafibers.com

ATTENDANCE SLIP
24th 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 24th Annual General Meeting of the Company to be held at registered office on Friday, 29th September, 2017 at 11.00 a.m.

Signature of the Member/
Joint Member/Proxy attending the Meeting

Electronic Voting Event Number (EVEN)	**User ID**	**Password**

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. 25 to the Notice of Annual General Meeting. The voting time starts from Tuesday, September 26, 2017 from 9:00 A.M. and ends on Thursday, September 28, 2017 at 5:00 P.M. The voting module shall be disabled by NSDL for voting thereafter.

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SARLA PERFORMANCE FIBERS

SARLA PERFORMANCE FIBERS LIMITED

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 **24th Annual General Meeting** of the Company, to be held on **Friday, 29th September, 2017 at 11.00 a.m.**, 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:

Resolution No.	Resolution No.	For	Against
1.	Adoption of Financial Statements		
2.	Declaration of Dividend		
3.	Appointment of Director, who retires by rotation		
4.	Appointment of Auditor		
5.	Ratification of Appointment of Cost Auditor		

Signed _____ day of _____, 2017

Affix Re. 1 Revenue Stamp

Signature of shareholder: _____

Signature of Proxy holder(s): _____

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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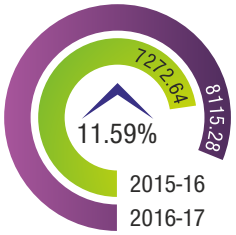
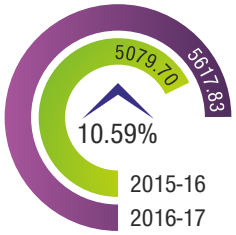
highlights of the year

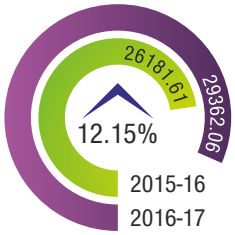
EBIDTA



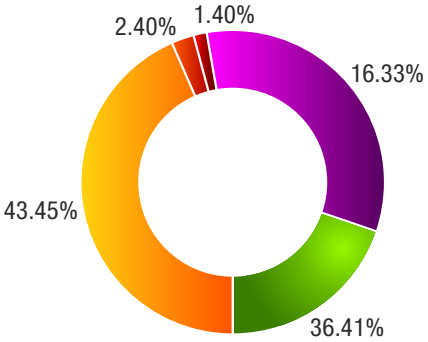
PBT



NET WORTH

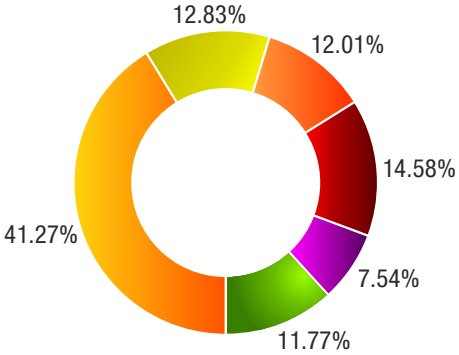


Source of Funds 2016-17



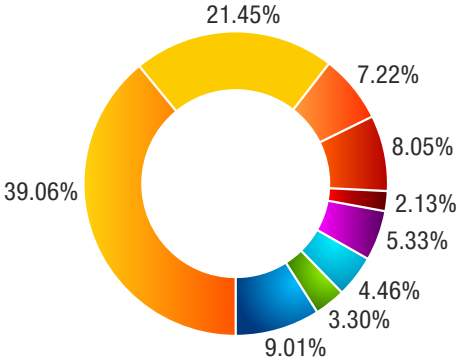
Shareholders Fund	28,442.61
Deferred Tax Liablity	1,572.00
Proposed Dividend	919.45
Payable for goods & other liablities	10,690.82
Money borrowed from banks & others	23,831.53
	65,456.41

Application of Funds 2016-17



Fixed Assets	27,016.20
Investment	8,396.51
Inventories	7,861.72
Receivables	9,542.75
Loans & Advances	4,937.36
Cash & Bank Balances	7,701.86
	65,456.41

Distribution of Revenue 2016-17



Materials	13,087.48
Manufacturing Expenses	7,188.44
Employees Remunaration & benefits	2,418.50
Administrative & other expenses	2,695.92
Interest & Finance Charges	712.84
Depreciation	1,784.60
Tax	1,493.65
Dividend (including Tax)	1,106.44
Retained Earnings	3,017.77
	33,505.64

Registered Office:
Survey No. 59/1/4, Amli Piparia 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

products at a glance

SPFL Textured Nylon Yarn caters to end applications such as Active & Swim Wear, Narrow Fabrics and Tapes, Hosiery, Under Garments.

Textured Nylon Yarn

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 Sewing Thread

SPFL High Tenacity Yarns has niche end applications such as Automotive Seat Belts, Trims & Air Bags, Dress, Casual & Athletic Footwear, Leather Goods & Soft Luggage.

High Tenacity Yarn

SPFL Textured Polyester finds applications in Sewing Thread, Furniture & Automotive Upholstery, Narrow Fabrics and Tapes, Circular and Flat Knitted products.

Textured Polyester Yarn

Narrow Tapes, Hosiery, Lingerie, Seamless Knitwear, Medical, Bandages, Knitted and Denim Facbrics are the primary end applications of SPFL• s range of covered yarns.

Covered Yarn