Sarlo Performance fibers Ltd
304, Arcadia, 195, Nariman Point, Mumbai 400021
(0)+91 22 2283 4116/6632 4038
(0)+91 22 4032 2786-4032 2795
(F) +91 22 2285 1728
info@sarlafibers.com
CIN : L31909DN1993PLC000056

www.sarlafibers.com

20th October, 2018

SPFU 2018-19

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

Dear Sir / Madam,

Subject: 25th Annual Report for F.Y. 2017-18

Pursuant to provisions of Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are forwarding herewith 25th Annual Report of the Company duly adopted by Members in their Annual General Meeting held on 28th September, 2018.

This is for your information and record.

For Sarla Performance Fibers Limited

Mahendra Sheth
CFO & Company Secretary

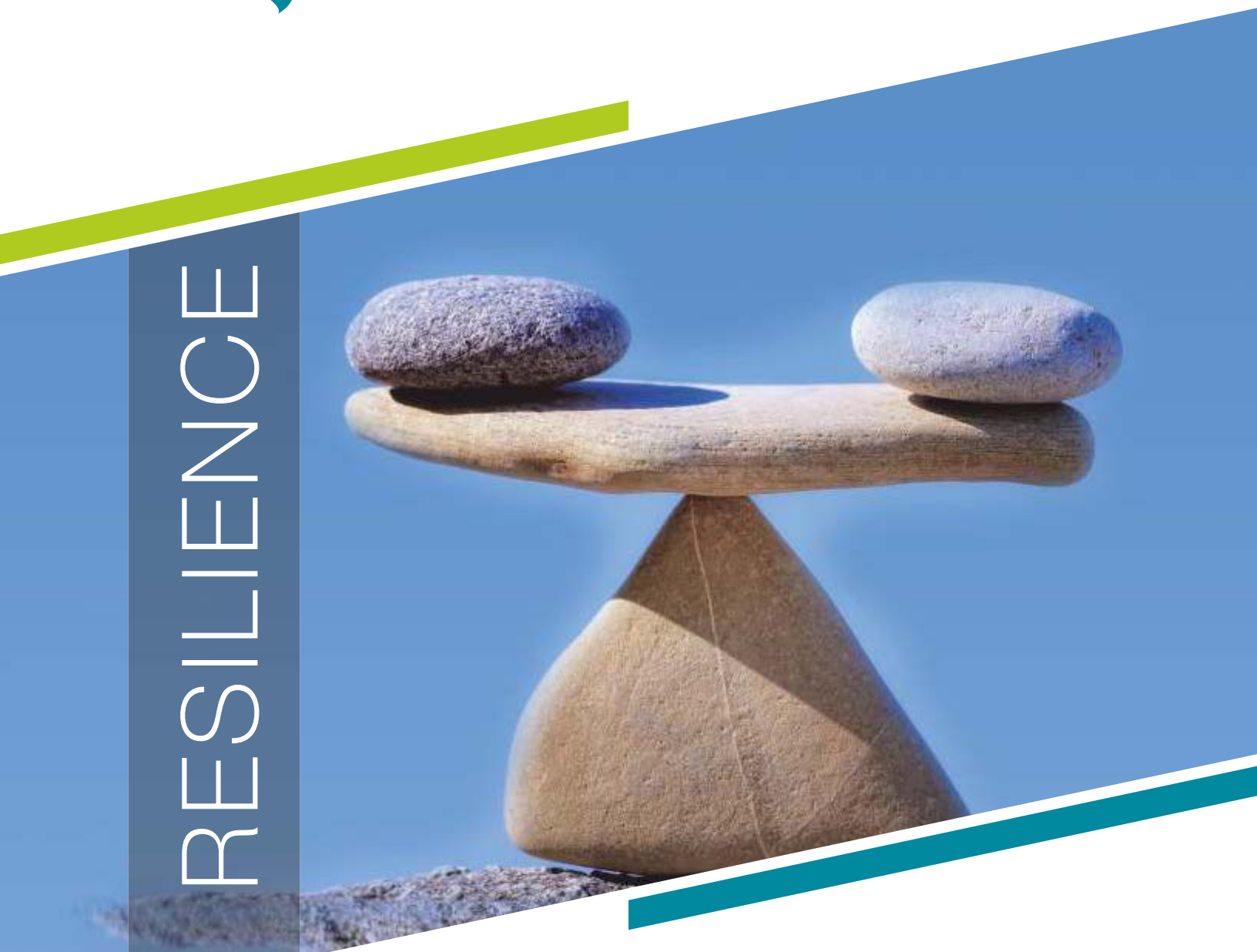
Regd. Off. & Works 1:
Survey No. 59 / 1 / 4,
Amii Piparia Industrial Estate,
Silvassa-- 396 230, U.T. Dadra & Nagar Haveli
(0) +91 260 3290467
(F) +91 260 2631356
silvassa@sarlafibers.com

Works 2:
Survey No. 64/2/3/4,61/1,61/2,62/5,63/5,63n,
Amii Piparia Industrial Estate,
Silvassa - 396 230, U.T. Dadra & Nagar Haveli
(0) +91 260 3290467
(F) +91 260 2631356
silvasscr@sarlafibers.com

Vapi Works:
Shed No. A1 / 48,
100 Sheds Area,
GIDC, Vapi - 396 195 (Gujarat)
(0) +91 260 3290953
(F) +91 260 2453507
vapi@sarlafibers.com

SARLA
PERFORMANCE FIBERS

RESILIENCE



25th ANNUAL REPORT 2017-18

Quality Certificates



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



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



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



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SARLA PERFORMANCE FIBERS

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Corporate Details

Board of Directors

Madhusudan Jhunjhunwala - Chairman & Whole-time Director

Krishnakumar M. Jhunjhunwala - Managing Director

Arun Vaid - Director (upto 12th December, 2017)

Parantap Dave - Director

Neha Jhunjhunwala - Director

Jigar A Shah - Director

Shreya Desai - Director (w.e.f. 12th December, 2017)

Chief Financial Officer & Company Secretary

Mahendra Sheth

Auditors

C N K & Associates LLP, Chartered Accountants, Mumbai

Bankers

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

Citibank N.A.

DBS Bank Ltd.

IndusInd Bank Ltd.

Standard Chartered Bank

Yes Bank Ltd.

P T Bank Maybank Indonesia

Registered Office

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

Plants

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

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

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

Corporate Office

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

Website

www.sarlafibers.com

Investors services e-mail id:

investors@sarlafibers.com

Registrars & Transfer Agents:

M/s. Sharex Dynamic (India) Pvt. Ltd.,
Unit - 1, Luthra Ind. Premises, Safed Pool,
Andheri - Kurla Road, Andheri (E),
Mumbai 400 072.

Delivering Value Over A Decade



Profit & Loss And Balance Sheet	2007 03	2008 03	2009 03	2010 03	2011 03	2012 03	2013 03	2014 03
Equity Paid Up	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95
Networth	51.34	63.84	74.47	89.17	108.24	124.41	142.46	169.15
						20%	19%	17%
Capital Employed	80.7	106.37	113.44	126.10	155.84	189.52	256.72	402.41
Gross Block	48.55	69.91	76.85	90.83	113.11	125.07	153.23	258.07
Net Working Capital (Incl. Def. Tax)	38.81	51.89	60.13	62.82	77.54	97.99	113.86	114.58
Net Sales	98.51	122.33	135.59	155.33	193.02	222.65	258.69	261.82
10 year sales CAGR						22%	18%	14%
PBIDT	20	24.57	24.89	29.57	35.95	34.52	47.61	55.61
10 year EBIDTA CAGR						25%	20%	13%
PAT	11.38	15.22	12.72	16.91	22.53	18.92	27.98	27.75
10 year net profit CAGR						33%	21%	11%
Book Value (Unit Curr)	73.87	91.85	107.15	128.30	155.73	179.00	204.97	243.37
10 year book value CAGR						23%	21%	21%
Market Capitalisation	81.45	94.52	23.87	61.92	78.54	69.29	100.78	117.63
10 year MCAP CAGR						30%	32%	26%
EPS (annualised) (Unit Curr)	15.96	21.89	18.30	24.34	32.42	27.22	40.25	39.93
Dividend (annualised%)	30.00	35.00	35.00	35.00	45.00	50.00	60.00	75.00
Payout	2.085	2.43	2.43	2.43	3.13	3.48	4.17	5.21
Payout (%)	18.85	15.98	19.12	14.38	13.88	18.37	14.90	18.79

Key Ratios	2007 03	2008 03	2009 03	2010 03	2011 03	2012 03	2013 03	2014 03
Debt-Equity Ratio	0.51	0.67	0.52	0.42	0.44	0.52	0.80	1.38
Long Term Debt-Equity Ratio	0.00	0.01	0.02	0.05	0.11	0.08	0.31	0.94
Current Ratio	1.15	1.22	1.42	1.55	1.73	1.56	1.53	1.50
Turnover Ratios								
Fixed Assets Ratio	2.20	2.07	1.85	1.85	1.89	1.87	1.86	1.27
Inventory Ratio	6.54	5.09	4.64	5.22	4.41	4.31	4.47	3.37
Debtors Ratio	4.23	3.43	4.92	3.59	3.79	3.70	4.43	3.91
Interest Cover Ratio	7.58	10.36	6.52	10.07	15.43	7.90	8.06	6.50
PBIDTM (%)	19.76	17.68	15.47	16.01	16.09	14.77	18.40	20.54
PBITM (%)	16.85	14.03	11.60	12.43	12.66	11.33	15.22	16.48
PBDTM (%)	17.53	16.10	13.25	14.47	15.10	13.50	16.72	18.01
ROCE (%)	23.99	22.18	18.41	20.47	21.21	15.72	17.47	13.53
RONW (%)	24.14	26.43	18.39	20.67	22.83	16.25	20.96	17.81
Debtors Velocity (Days)	70.00	105.00	100.00	98.00	92.00	99.00	80.00	93.00
Creditors Velocity (Days)	57.00	49.00	44.00	49.00	52.00	78.00	40.00	67.00



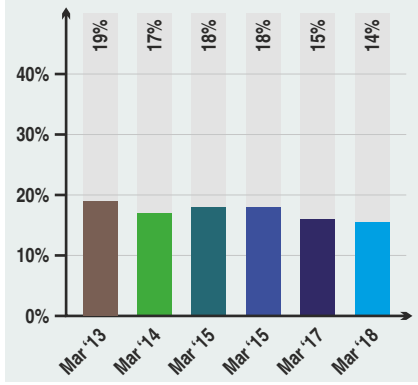
(Rs. in Crores)

2015 03	2016 03	2017 03	2018 03
8.35	8.35	8.35	8.35
229.71	261.82	258.08	273.03
18%	**18%**	**15%**	**14%**
488.45	530.08	511.74	479.05
266.64	291.75	263.01	244.50
202.16	206.72	59.54	56.45
312.05	297.65	307.26	302.52
14%	**12%**	**10%**	**8%**
61.31	72.73	80.59	72.80
13%	**14%**	**13%**	11%
27.93	45.04	34.30	24.08
9%	**15%**	**8%**	**7%**
275.09	31.35	30.91	32.70
19%	**18%**	**15%**	**14%**
309.13	527.32	492.67	433.38
22%	**19%**	**20%**	**16%**
37.58	5.39	4.11	2.88
80.00	1.05	1.10	1.10
6.68	8.77	91.85	41.74
23.92	19.47	26.78	17.33

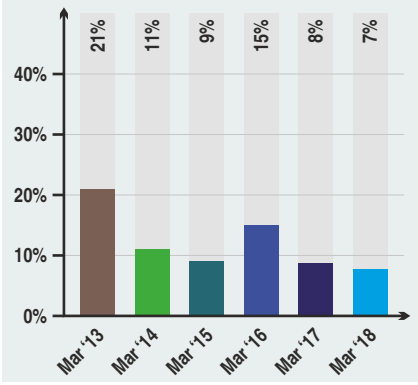
2015 03	2016 03	2017 03	2018 03
1.13	1.02	0.98	0.77
0.60	0.61	0.62	0.47
1.49	1.55	1.53	1.67
1.19	1.07	1.31	1.19
4.18	3.21	3.92	3.84
4.16	3.82	3.19	3.72
7.35	8.85	7.47	6.08
18.94	24.43	25.08	23.77
14.46	19.24	18.95	17.19
16.95	22.26	22.84	21.34
10.51	10.11	11.90	10.99
14.00	18.33	13.29	8.79
88.00	114.00	93	95
73.00	85.00	87	71

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

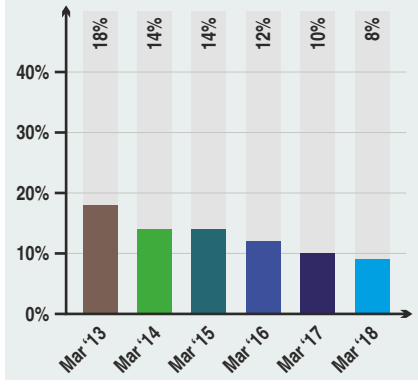
Net Worth



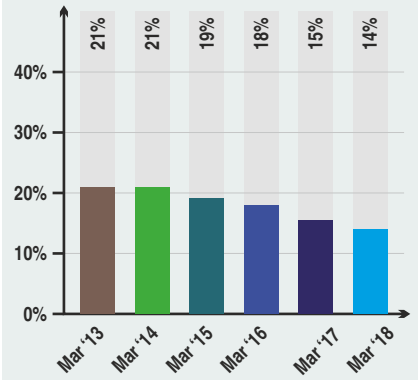
10 year net profit CAGR



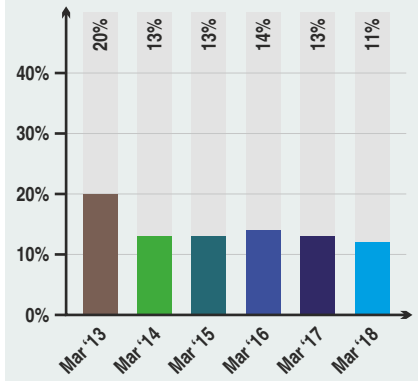
10 year sales CAGR



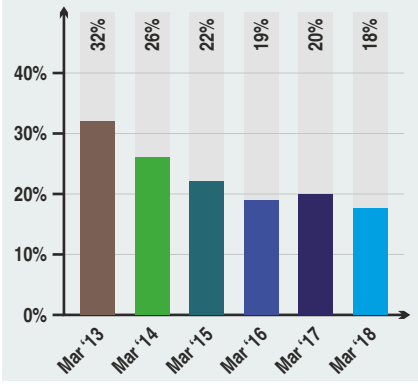
10 year book value CAGR



10 year EBIDTA CAGR



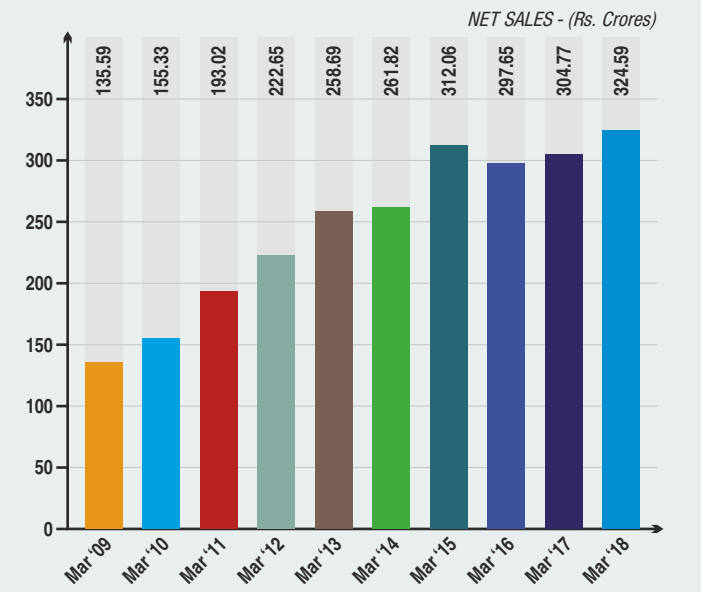
10 year MCAP CAGR



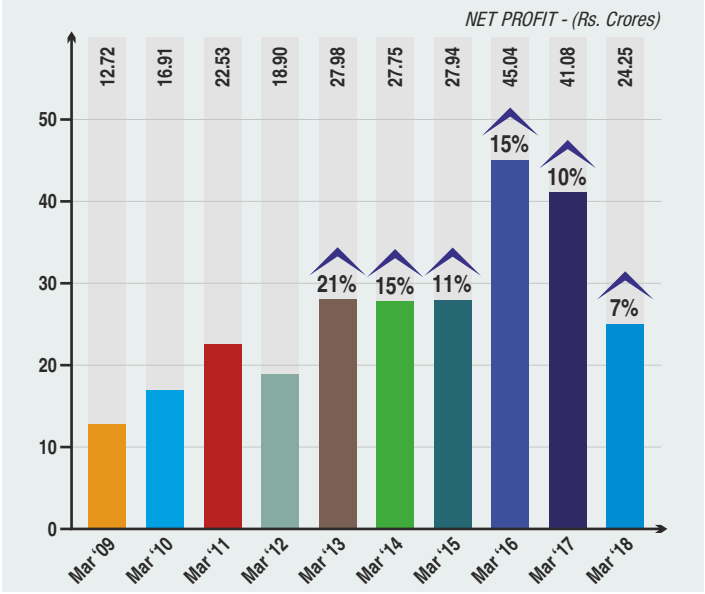
Performance



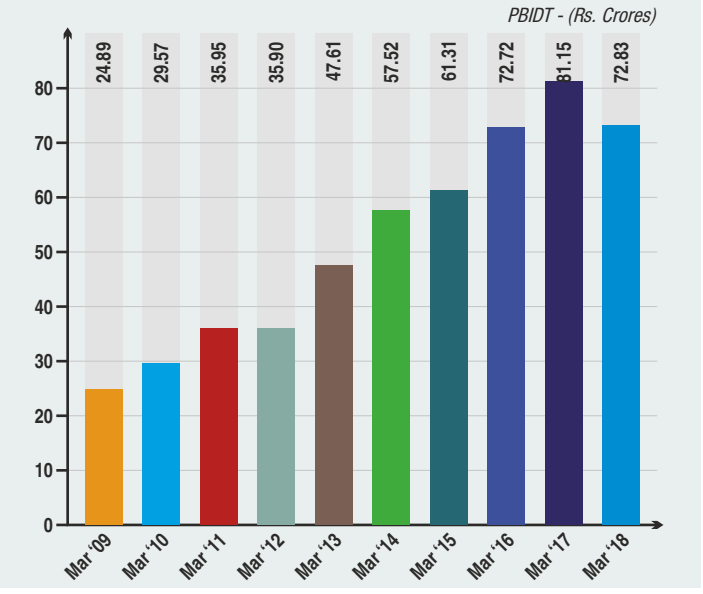
SALES



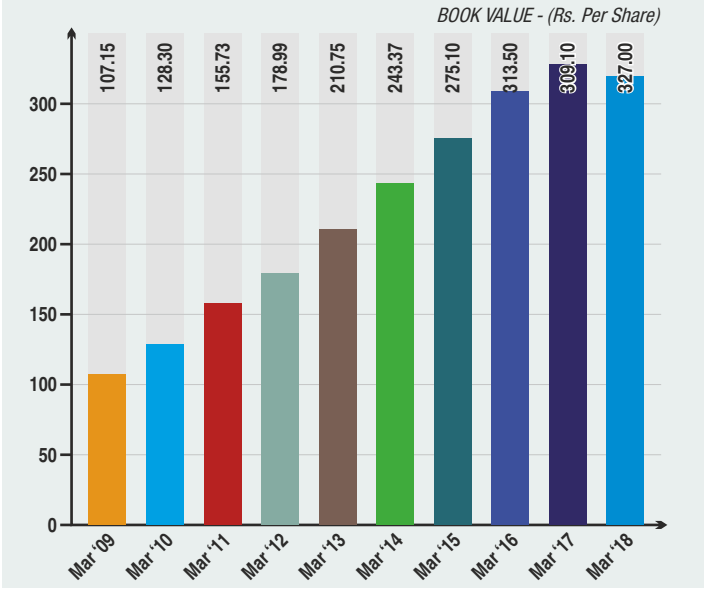
NET PROFIT



EBIDTA



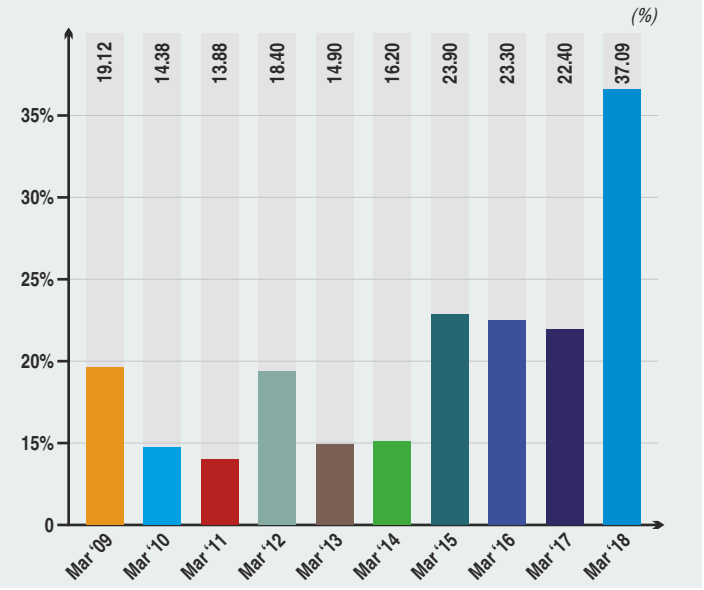
BOOK VALUE



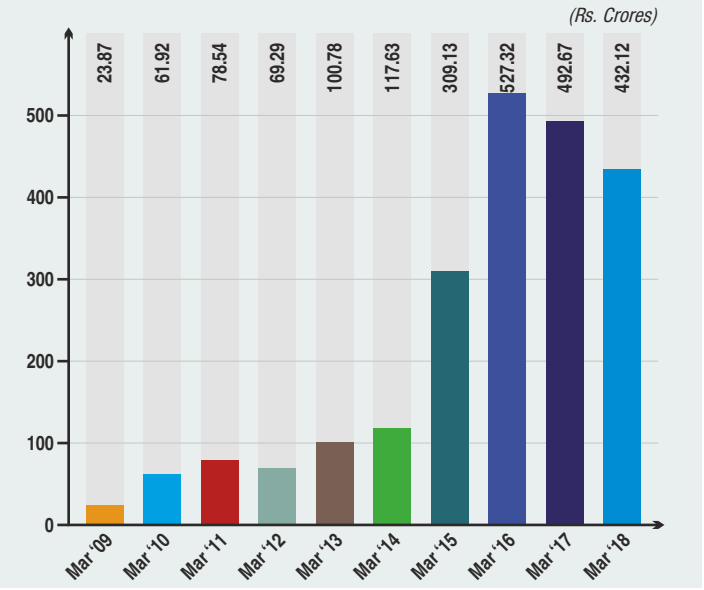
*Reduction in book value due to subdivision of shares w.e.f. 29th October, 2015
* Book value for March 2016, March 2017 & March 2018
for graphical comparison, adjusted accordingly



DIVIDEND PAYOUT



MARKET CAPITALIZATION









GLOBAL PRESENCE

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

KOB Pioneer in medical textiles

LEFERON

JOCKEY

GILDAN

COATS

FRUIT OF THE LOOM

russell

global presence

Infrastructure

Clients

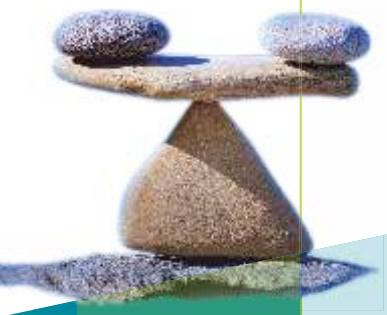


turnover break up (geographical)



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

RESILIENCE



Greetings to all my Dear Shareholders

It is no secret that 'when the going gets tough, the tough get going! The year gone by aptly describes this spirit in your company and its hardworking team of employees. Like several sports persons and leaders from different walks of life, we too when faced with adversity showed RESILIENCE.

As we faced immense difficulties in operating our US plant while reducing losses, we were seized of the priority of achieving overall growth and profitability. New capabilities created in the India plants helped us achieve an increase in volume, revenue and profits from the geography. This to some extent helped us in overcoming the setback in US for the time being. Our cash profit before tax stood at INR 65.53cr vs 73.40 cr and cash flow from operations at INR 48.97 Cr vs 61.07 Cr for the year gone by. All this while our other income fell by 8.73 Cr to INR 18.29 Cr.

We are now thriving on this adversity in previous year and are pursuing expansion of domestic plants aimed at both India and Overseas clients. By end of this year our capacity for nylon fiber would rise by 6600 MT p.a. and polyester fiber rise 1800 MT p.a. This capacity is being added at company's new plant at Dadra, admeasuring 80,000 sqft. and Some additions at our existing plant at Silvassa. The total investment in this facilities would be around INR 30 cr. Our focus remains in the high value added hosiery, narrow fabrics, and thread segment. The advantage of expansion in India should start reflecting from the 2nd half of current fiscal.

The company as of FY18 has maintained a net D/E of 0.77 and net Debt/EBIDTA of 2.89. Our endeavor is to improve the working capital turns and sustain positive operating cash flow. Excluding our wind power assets, the company's core business continues to generate ROCE of 10.99%.

Another positive aspect of the Resilience is that we are building a solid management team for the long term, thinking through on our project costs, shop floor and quality management more objectively than before. Going forward the greater priority would be for profitable growth, better ROI from new projects and maintaining a strong Balance Sheet.

Last but not the least, we are working on various strategies to utilize the US plant better but without spending additional cost. The losses over there should further reduce this year. A tailwind this year could come from INR depreciation vs USD. Risk remains from rising raw material prices based on crude oil. We remain cautiously optimistic on the future prospects and would make every endeavor to reward our shareholders better.

KRISHNAKUMAR JHUNJHUNWALA
MD & CEO

from the desk of the

Managing Director



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 Gujarat for 1.25 MW.

2011

Started joint venture operations in Turkey.

Installed windmills in Satara, Maharashtra for 2 MW.

2012

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

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.

2015

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

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.

2018

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

Board's Report

Dear Members,

The Board of Directors takes immense pleasure in presenting the Twenty Fifth Annual Report on the Audited Financial Statements of Sarla Performance Fibers Limited ("the Company") for the financial year ended 31st March, 2018.

Corporate Overview

Sarla Performance Fibers Limited ("Your Company") is engaged in the business of Specialty Yarn from Past 24 Years having with 2 Manufacturing Plants at Silvassa, UT of Dadra & Nagar Haveli and a 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, 2018 is summarized below: (Rs. in Lakhs)

Particulars	STANDALONE		CONSOLIDATED	
	2017-18	2016-17	2017-18	2016-17
Sales & Operations	27864.53	27669.25	30630.04	32185.93
Add: Other Income	2366.62	1671.46	1829.35	2703.00
TOTAL INCOME	30231.15	29340.71	32459.39	34888.93
Profit Before Interest, Depreciation & Tax	7865.90	7304.38	7288.22	8055.60
Less: Finance Cost	618.18	502.14	734.76	715.50
Less: Depreciation & amortization	1317.04	1243.55	2015.14	1969.55
PROFIT BEFORE TAX	5930.68	5558.69	4538.33	5370.74
Less: Provision for Taxation				
- Current	1505.00	1200.10	1510.74	1204.93
- Deferred	362.83	879.93	565.62	1228.90
- Earlier Years	182.22	-	182.22	-
- MAT credit Entitlement	(145.39)	(492.70)	(1453.89)	(492.70)
NET PROFIT AFTER TAX	4026.02	3971.36	3733.64	3429.61
Net Comprehensive Income for the Year	4015.02	3967.60	3733.69	3452.51
Balance bought forward	12753.60	8994.77	11940.69	8743.66
Profit for the Year	4026.02	3971.36	2147.12	3410.49
Re measurement of Net defined benefit plans (net of tax)	(11.00)	(3.76)	(11.00)	(3.76)
Dividend for the year	**918.53**	**208.77**	**919.48**	**209.70**

BUSINESS PERFORMANCE:

Operations: During the year under review the sales of the Company on standalone basis were Rs. 27864.53 Lakhs as against Rs. 27669.25 Lakhs in 2016-17 witnessing a minimal increase of 0.70%. The FOB value of exports stood at Rs. 14689.04 Lakhs compared to Rs 14635.78 Lakhs in 2016-17.

PROFITABILITY:

The profit before Depreciation, Interest & Tax was Rs. 7865.90 Lakhs as compared to Rs. 7304.38 Lakhs in the previous year, after providing for depreciation of Rs. 1317.04 Lakhs (Previous Year Rs. 1243.55 Lakhs) & provision for taxation of Rs. 1505.00 Lakhs (Previous Year Rs.1200.10 Lakhs), there was a net profit of Rs. 4026.02 Lakhs as compared to Rs. 3971.36 Lakhs in the Previous Year.

A. BUSINESS & ECONOMIC OVERVIEW

Global and India Economy: In 2017, the cyclical upswing underway since mid-2016 continued to strengthen and the global economy witnessed a pickup in growth. According to the International Monetary Fund (IMF), the year reported the broadest synchronized global growth surge since 2010. The advanced economies witnessed expansion owing to increased investments and manufacturing output. Similarly, key emerging markets and developing economies, including Brazil, China and India, posted strong upward momentum

Given stronger than expected economic activity in 2017, the IMF has revised its growth forecast for the United States from 2.3% to 2.7% in 2018 and from 1.9% to 2.5% in 2019.Stronger domestic demand in the United States is projected to increase imports. In Europe too, economic activity in 2018 and 2019 is projected to remain stronger than anticipated. Moreover, the advanced economies in Asia are expected to deliver stronger growth, while the emerging and developing ones are expected to grow at around 6.5% over 2018-19, broadly the same pace as in 2017.

India's economy picked up some pace in FY 2017-18 and the gross domestic product growth was better than FY 2016-17. The

structural reform of The Goods and Services Tax (GST) within a year of demonetisation is expected to provide a boost to the economic growth and investments in the long run with an improving business ecosystem, stable macroeconomic indicators and a liberal FDI regime, economy. According to World Bank's Global Economic Prospects report, India's GDP is expected to rise to 7.4% in FY 2018-19 and 7.8% in FY 2019-20.

Business Overview: Sarla Performance Fibers Limited is a leading exporter of Regular as well as High Tenacity Polyester and Nylon Yarns. It started operations 24 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.The Plant of the Company located at Walterboro, South Carolina, USA is temporarily shut down in December 2017 due to low capacity utilization. The Company is exploring various options for its US Plant to make it profitable which includes entering into partnership/strategic alliance. The company's emphasis this year will be to focus on niche end user applications in India, higher value added yarns to leading global apparel brands and companies. The company exports to 40 countries.

SPFL also owns Wind Power Capacity of 14.75 MW in totality, located in different states i.e. 6 MW is in the state of Maharashtra, 5.75 MW in the states of Gujarat and 3 MW in the state of Madhya Pradesh. Our plant load factor for the fiscal year 2018 was about 22%.

Customer Segments and Growth: The Company's customer segments can be divided into four parts:

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

Turnover Break Up (Customer Segment-wise)

Segments	FY 2017-18 (% of Total Sales)	FY 2016-17 (% of Total Sales)
Innerwear, Narrow Fabrics, Hosiery and Sportswear	38.30	37.50
Threads	32.50	32.45
Industrial Yarns	13.10	12.45
Regular Yarns	15.90	17.60
	100.00	**100.00**

Turnover Break Up (Geographical)

Regions	FY 2017-18 (% of Export Sales)	FY 2016-17 (% of Export Sales)
South, North & Central America	24.84	17.60
Middle East & Europe	37.40	40.25
Africa	2.30	3.82
Asia Pacific	35.46	38.33
	100.00	**100.00**

In all, we export to over 40 countries and to 105 customers. Our customer concentration is well distributed and no single customer exceeds more than 10% of our revenue.

B. OPPORTUNITIES AND THREATS:

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

Exports have been a core feature of India's textile sector.The Indian textiles export market, estimated at $18 billion, is expected to grow at a CAGR of 4% compared to the global CAGR of 3% over 2016-26.The fundamental strength of the textile industry is its prices of the raw materials like wool and increase in oilprices which increase the input costs.

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 increased capacity in India. While we remain optimistic about future growth.

D. FINANCIAL PERFORMANCE:

(Rs. in Lakhs)

Item	2017-2018	2016-2017	% increase
Raw Material Cost& Purchase of Stock in trade	13751.31	11827.81	16.26%
Employee Benefit and Other Expenditure	8613.94	10208.52	-15.62%
EBIDTA	7865.90	7304.38	7.69%
Finance Cost	618.18	502.14	23.11%
Fixed Assets (Gross Block)	19183.23	17805.56	7.74%
Net Current Assets	5178.62	3581.42	44.60%
Working Capital Finance	6445.68	8186.51	-21.26%
Cash & Bank Balances	4190.64	6923.46	-39.47%

(Note: standalone performance comparison, Rupees in lakhs)

Raw Material Cost: The Raw Material prices increased in the year 2017-18 due to continuous increase in Partially Oriented Yarn (POY) and Chips Prices. The Major reason for increase in prices of Raw Material is increase in price of Crude oil.

Expenditure: The Major reason for decrease in expenditure is reduction in Excise Expenses after implementation of Goods and Services Tax (GST).

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

Fixed Assets: The increase in fixed assets of Rs. 1377.67 Lakhs is due to regular addition in 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 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 62 to 115 per kg and that of Nylon yarn ranged between Rs 210 to 310 per kg.

Interest Rates: The Company's average gross interest cost in the last year increased by 23.11%. The company's present Debt Equity Ratio is 0.35. The long term Debt equity Ratio is 0.13. Interest costs are 2.04% of total revenue.

Exchange Rate: 52% per cent of company revenue is in foreign currency (Dollar, Euro & GBP) and balance is in INR. Also, we import 23.54% per cent of turnover (88.27% 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 FY18, 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 dueto 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. 1377.67 towards purchase of Plant & Machinery. For F.Y. 2018-19 we envisage higher amount of CAPEX to the tune of about Rs. 3000.00 Lakhs.

I. VALUE ADDED STATEMENT

(Rs. in Lakhs)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Income from Production/Operations	27864.53	25954.04	24871.70	27229.95	24,365.14
Add : Other Income	2366.62	2026.98	2181.88	1146.98	783.89
CORPORATE OUTPUT	30231.15	27981.02	27053.58	28376.94	25,149.03
Less : Cost of Raw Materials Consumed	13751.31	10852.68	11095.02	12023.68	12,718.59
Less : Cost of Traded Goods	-	57.07	1159.90	2962.63	1,307.76
Less : Other Manufacturing Expenses	5068.47	5964.82	4847.21	4792.65	4,192.62
Less : Administrative & Other Expenses	2207.38	2022.55	1922.64	2173.37	1,760.33
EQUALS GROSS VALUE ADDED	9203.99	9083.90	8028.81	6424.61	5,169.72
Less : Depreciation &Amortization	1317.04	1243.55	1014.40	913.55	935.98
Less : Extra Ordinary/Prior Period Items	-	-	-	-	-
EQUALS NET VALUE ADDED	7886.95	7840.35	7014.41	5511.06	4,233.75
ALLOCATION OF NET VALUE ADDED					
To Personnel	1007.77	921.73	831.10	778.28	619.19
To Taxes (including tax on proposed div.)	1904.66	1666.99	1587.87	1383.90	1087.74
To Creditors (via interest)	618.18	579.11	508.07	514.48	388.89
To Investors (via dividend)	918.53	918.53	876.78	668.02	521.27
To The Company (via retained earnings)	3437.81	3753.99	3210.60	2166.38	1,616.66
	7886.95	7840.35	7014.41	5511.06	4,233.75

DIVIDEND:

Keeping in view the continued good performance, future fund requirements of the Company and for rewarding shareholders, your directors are pleased to recommend a dividend @ 110% i.e. Rs. 1.10 per equity share of face value of Re. 1 each fully paid-up Equity Shares [Excluding the Share upon which the Promoter / Member have waived / forgone / his / her / their right to receive the Dividend by him / her / them for the financial year ended 31st March, 2018]. The dividend shall be paid to members, whose names appear in the Register of Members as on 21st September, 2018.

MANAGEMENT DISCUSSION & ANALYSIS:

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

CONSOLIDATED FINANCIAL STATEMENT:

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any Indian Company as Subsidiary. There are two wholly owned overseas subsidiaries viz. Sarla Overseas Holdings Ltd (BVI) and Sarlaflex Inc. (USA) and one Step down subsidiary viz. Sarla Europe (LDA) as on 31st March, 2018. 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 the website of the Company at the link: www.sarlafibers.com.

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

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

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

The human capacity for burden is like bamboo-
far more flexible than you'd ever believe at first glance."

- Jodi Picoult

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 Lakhs)

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	65.04	65.04	80.62
Number of Shares	435000	989000	3
Share Capital	196.99	596.49	3.18
Reserve and Surplus	4853.31	(7105.99)	(7.10)
Total Assets	5697.44	15068.02	303.72
Total Liabilities (Including Reserves)	5697.44	15068.02	303.72
Investments	3.17	5934.20	-
Turnover	4595.53	1681.33	270.04
Profit before Taxation	1185.21	(1512.13)	17.67
Provision for Taxation	4.86	(203.66)	4.86
Profit after Taxation	1180.35	(1715.79)	12.81
Proposed Dividend	902.51	-	-
% of shareholding	100%	100%	60%
Country	British Virgin Island	United States of America	Portugal

SECRETARIAL STANDARDS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

a. that in the preparation of annual accounts for the year ended 31st March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures for the same;

b. that they had selected such accounting policies and 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 as at 31st March, 2018 and of the profit of the Company for that year;

c. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. that the Directors had prepared the annual accounts on a 'going concern' basis and

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

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

CORPORATE GOVERNANCE:

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

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at 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 2017-18

- No of complaints received: NIL

- No of complaints disposed off: NIL

RISK MANAGEMENT:

Internal Control Systems and Their Adequacy:

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Mr. Arun Vaid, Independent Director (DIN:00351464) has ceased to be an Independent Director of the Company with effect from 12th December, 2017. The Board places on record its appreciation towards valuable contribution made by Mr. Arun Vaid during his tenure as Director of the Company.

The Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee appointed Ms. Shreya Desai (DIN: 08041995) as an Additional (Independent Non-Executive) Director of the Company with effect from 12th December, 2017 subject to approval of Shareholders.

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

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.

RELATED PARTY TRANSACTIONS:

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY:

As required under Section 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 May, 2017. The Company was required to make CSR contribution aggregating to 2% of average net profits of preceding three financial years. The Committee earmarked Rs. 105.03 Lakhs 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. 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'.

AUDITORS AND AUDITORS' REPORT

STATUTORY AUDITOR:

CNK & Associates LLP, Chartered Accountants, Mumbai (ICAI Firm Registration No. 101961W) were appointed as the Statutory Auditors of the Company for a term of five consecutive years, at the Twenty Fourth AGM of the Company held on 29th September, 2017.

They have confirmed that they are not disqualified from continuing as Auditors of the Company.

In terms of the Companies (Amendment) Act, 2017 and vide notification no S.O.1833(E) dt. 7.5.2018, the Ministry of Corporate affairs have done away with the requirement of ratification of the appointment of auditors, at each subsequent annual general meeting, by deleting the 1st Proviso to the sub-section (1) of Section 139 of the Companies act, 2013. Accordingly, the same is now onwards not required to be put up to the members for ratification.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

COST AUDITOR:

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with Rule 4 of the Companies (Cost Records and Audit) Rules, 2014 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations by the Audit Committee in that behalf, M/s. B.F. Modi &Associates, 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, 2017 to 31st March, 2018.

SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Ajit Sathe- Proprietor of M/s A. Y Sathe & Co. Company Secretaries in Practice (Registration No.:FCS2899/COP738) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure C".

The Secretarial Auditor has made following qualifications / adverse remarks:

I. Under the Companies Act, 2013:

a) During financial year 2017-18, the Company has not spent full amounts due 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.

b) The Company is yet to file Statement of shares transferred to the Investor Education and Protection Fund in Form IEPF-4 as required to be made under Section 124(6) of the Companies Act, 2013.

c) The Company is yet to file Form MGT-14 for appointment of Internal Auditor.

d) The Company has continued to give Interest Free Loans to its wholly owned Subsidiaries during the financial year 2017-18.

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

I) Under the Companies Act, 2013:

1) 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.

2) The Company have already deposited the amount of unclaimed dividend for financial year ended 31st March, 2010 on 22nd November, 2017 to IEPF Account. However, the Share Transfer Agent of the company is in the process of transfer of shares to IEPF Account. As soon as the procedure is completedand The Company will file relevant form with ROC.

3) The Company inadvertently missed to file the MGT 14 to ROC. The same will be filed in Due Course. .

4) 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

DISCLOSURES

Meetings of the Board:

Four meetings of the Board of Directors were held during the year. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Report.

Audit Committee:

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

Corporate Social Responsibility (CSR) Committee:

The CSR Committee comprises Mr. Madhusudan Jhunjhunwala (Chairman), Mr. Jigar Shah and Mr. Parantap Dave.

Vigil Mechanism:

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

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

Particulars of Loans given, Investments made, Guarantees given and securities provided along with purpose for which the loan or guarantee or security is proposed to be utilised by the recipient are provided in Note No.51of the Standalone financial statements.

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

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

Extract of the Annual Return:

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

Particulars of Employees and related Disclosures:

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

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

1. The Ratio of the remuneration paid to each director to the median remuneration of the employees of the Company for the financial year 2017-18:

Name of Director	Remuneration Paid	Median Remuneration	Ratio
Mr. Madhusudan S. Jhunjhunwala (Chairman, Whole-time Director)	1,38,00,000	1,51,800	90.90x
Mr.Krishnakumar M. Jhunjhunwala (Managing Director)	1,38,00,000	1,51,800	90.90x

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)	1,38,00,000	4.5%
Mr.Krishnakumar M. Jhunjhunwala (Managing Director)	1,38,00,000	NIL
Mr. Mahendra Sheth (CFO & Company Secretary)	46,03,208	5.84

3. The 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:

208

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

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

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

GENERAL:

Your Director state that no disclosure or reporting is required in respect of following matters as there were no transactions on these items during the year under review:

" Details relating to Deposits covered under Chapter V of the Act.

" Issue of Equity shares with differential voting rights as to voting, dividend or otherwise.

" Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employees' Stock Options Plan referred to in this Report.

" The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.

" No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

" No fraud has been reported by the Auditors to the Audit Committee or the Board.

ACKNOWLEDGEMENT:

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Mumbai
Date: 14th August, 2018

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

Annexure A

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

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

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

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

Name of Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of contracts / arrangements / transactions	Salient terms of contracts / arrangements / transactions	Date of approval by the Board, if any:	Amount paid as advances, if any	Amount (Rs In Lakhs)
Sarla Overseas Holdings Ltd, BVI	**Wholly Owned Subsidiary**	**Sale of Goods**	**Ongoing**	**Arm's Length basis**	**27th May, 2017**	**NIL**	**2880.18**
Sarlaflex Inc, USA	**Wholly Owned Subsidiary**	**Sale of Goods**	**Ongoing**	**Arm's Length basis**	**27th May, 2017**	**NIL**	**109.92**
Sarla Europe LDA, Portugal	**Step Down Subsidiary**	**Payment of commission**	**Ongoing**	**Arms/ Length basis**	**27th May, 2017**	**NIL**	**152.72**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place: Mumbai
Date: 14th August, 2018

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 and

Mr. Parantap Dave

Average net profit of the Company for last three financial years: Rs. 5251.73 Lakhs

Prescribed CSR Expenditure (two percent of the Average Net Profit as detailed above): Rs. 105.03 Lakhs

Details of CSR spend for the financial year:

A **Total amount spent for the financial year:** Rs. 50.11 Lakhs

B **Amount unspent, if any:** Rs. 54.92 Lakhs

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

In case Company has failed to spend the two percent of the average

(Rs. in Lakhs)

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered (Clause No. of Schedule VII of the Act as amended	Project or Programme 1. Local Area or other 2. Specify the state and district where project or programme was undertaken	Amount Outlay (Budget) Project or programme wise	Amount Spent on Projects or programmes Subheads: 1. Direct Expenditure on Projects or Programme 2. Overheads	Cumulative Expenditure upto the reporting period	Amount Spent Direct or through implementing Agency
1	Donation to Various Trusts	Health	Maharashtra	105.03	50.00	50.00	Directly
2	Healthcare to the local community including preventive Healthcare/ nutrition/sanitation and improving the infrastructure	Health	Maharashtra	105.03	0.11	50.11	Directly
	TOTAL			105.03	50.11	50.11	

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: 14th August, 2018

ANNEXURE-C

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018
[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 - 396230
U.T. of Dadra & Nagar Haveli

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 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, 2018, 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:

1) During financial year 2017-18, the Company has not spent full amounts due 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.

2) The Company is yet to file Statement of shares transferred to the Investor Education and Protection Fund in Form IEPF-4 as required to be made under Section 124(6) of the Companies Act, 2013.

3) The Company is yet to file Form MGT-14 for appointment of Internal Auditor.

4) The Company has continued to give Interest Free Loans to its wholly owned Subsidiaries during the financial year 2017-18.

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

CS Ajit Sathe
Proprietor

Place: Mumbai
Date: 14th August, 2018

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

ANNEXURE-I

To,
The Members,
Sarla Performance Fibers Limited
(CIN: L31909DN1993PLC000056)
Survey No. 59/1/4,
Amli Piparia Industrial Estate,
Silvassa - 396230
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

CS Ajit Sathe
Proprietor

Place: Mumbai
Date: 14th August, 2018

ANNEXURE-D

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

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

(a) Steps taken or impact of conservation of energy during 2017-18: In line with Companies Commitment towards conservation of energy, all units have made continuous efforts aimed at improving energy efficiency through improved operational and maintenance practices.
The Company have taken following steps during the year under review:

- Replacement of inefficient motor with energy efficient motors
- Overhauling of Machines for effective energy utilization
- Replacement of HPMV lightings with LED lights

(b) Steps taken by the Company for utilizing alternative sources of energy: The Company have wind turbine generators of 1.25 MW capacity installed at Baradiya, Gujarat, and The Company have also installed Rooftop Solar of 150 KW at Vapi, energy generated from the said turbine and Solar Plant is captively used at Dyeing Plant (Vapi) of the company.

© The Capital investment on energy conservation equipments during the year is about Rs. 1.00 Cr.

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

1.	Specific areas in which R & D is Carried out by the company	New Product Development, process Development and optimising process parameters.
2.	Benefits derived as a result of the above	Introduction of several new types of Polyester and Nylon Yarns.
3.	Future Plan of Action	To meet the increasing requirement of customers around the world and development of new products.
	Expenditure on R & D. 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, Portugal. etc., some countries in Central and North America and Asian Countries like China, Vietnam, Thailand, Hong Kong etc. Israel, Jordan, Canada & South America countries like 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 Lakhs)	Previous Year (Rs Lakhs)
1.	Total foreign exchange earned (FOB)	14,689.04	14,635.78
2.	Total foreign exchange used	7,119.06	5,759.42

FOR AND ON BEHALF OF BOARD OF DIRECTORS
MADHUSUDAN S. JHUNJHUNWALA
Chairman and Whole Time Director
DIN: 00097254

Place: Mumbai
Date: 14th August, 2018

ANNEXURE-E

EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

{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-(SOHL)

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, 2017)				No. Of shares held at the end of the year (As on March 31, 2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	32880550	0	32880550	39.38%	21986358	0	21986358	26.33%	-13.05%
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	13238357	0	13238357	15.83%	23575720	0	23575720	28.23%	12.38%
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)	**46118907**	**0**	**46118907**	**55.21%**	**45562078**	**0**	**45562078**	**54.56%**	**0.67%**
2) Foreign									
a) NRIs - Individuals	0 0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other - Individuals	0 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	0.00%	0	0	0	0.00%	0.00%
Sub-Total (A)(2)		0	0	0.00%	0	0	0	0.00%	0.00%
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**46118907**	**0**	**46118907**	**55.23%**	**45562078**	**0**	**45562078**	**54.56%**	**0.67%**
Public Shareholding									
1) Institutions									
a) Mutual Funds	11921166	20000	11941166	14.30%	4904950	0	4904950	5.87	-8.43%
b) Banks/FI	6992	0	6992	0.008%	74508	0	74508	0.09%	0.082%
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	0	0	0	0.00%	0	0	0	0.00%	0.048%
f) Insurance Co.	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIIs	989310	0	989310	1.18%	82325	0	82325	0.09%	-1.09%
h) Foreign Venture Capital Fund	0	0	0	0.00%	0	0	0	0.00%	0.00%
I) Others (Specify)	0	0	0	0.00%	0	0	0	0.00%	-0.042
Sub-Total (B)(1)	**12917468**	**20000**	**12937468**	**15.49%**	**5061783**	**0**	**5061783**	**5.97%**	**-9.52%**

Category of Shareholders	No. Of shares held at the beginning of the year (As on April 1, 2017)				No. Of shares held at the end of the year (As on March 31, 2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non Institutional									
a) Bodies Corp.									
i) Indian	2553818	80000	2633818	3.15%	4425398	80000	4505398	5.39%	2.24%
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	9485785	1611860	11097645	13.29%	15287789	1576860	16864649	20.20%	6.91%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1L	7146430	0	7146430	8.55%	9488684	0	9488684	11.36%	2.81%
c) Others									
Clearing Member	381996	0	381996	0.46%	381996	0	181671	0.22%	-0.24%
Foreign Nationals									
NRI (Repat)	2566421	409000	2975421	3.56%	2975421	409000	1630736	1.95	2.08%
NRI(Non Repat)	211315	0	211315	0.25%	211315	0	208001	0.25%	0.00%
Trust									
Sub-Total (B)(2)	22345765	2100860	24446625	29.28%	22754765	2065860	32879139	39.37%	10.09%
Total Public Shareholding (B) = (B)(1)+(B)(2)	35283233	2100860	37384093	44.77%	35672233	2065860	37384537	44.77%	0.002%
C. Shares held by Custodian for GDRs & ADRs	0	0	0		0	0	0		
Grand Total (A+B+C)	**81382140**	**2120860**	**83503000**	**100.00%**	**81791140**	**2065860**	**83503000**	**100.00%**	-

"What helps you persevere is your resilience and commitment."

- Roy T. Bennett

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	1955000	2.34%	–	1955000	2.34%	–	0.00%
2.	Krishnakumar Jhunjhunwala	1313000	1.57%	–	1313000	1.57%	–	0.00%
3.	Sarladevi Jhunjhunwala	3884000	4.65%	–	3884000	4.65%	–	0.00%
4.	Satidham Industries Private Limited	12995277	15.56%	– –	23101670	27.67%	– –	12.11%
5.	Hindustan Cotton Co. - Through its partner	21164790	25.35%	–	11164790	13.37%	–	-11.98%
6.	Krishnakumar& Sons (HUF) Through its Karta	325000	0.39%	–	325000	0.39%	–	0.00%
7.	Madhusudan Jhunjhunwala (HUF)	3587760	4.30%	–	2693568	3.23%	–	-1.07%
8.	Sarla Estate Developers Private Limited	188080	0.23%	–	313537	0.38%	–	0.15%
9.	Harmony Estates Private Limited	55000	0.07%	– –	160513	0.19%	– –	0.12%
10.	Kanav Jhunjhunwala	647000	0.77%	–	647000	0.77%	–	0.00%
11.	Neha Jhunjhunwala	4000	0.00%		4000	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)	3587760	4.30%	2693568	3.23%	-1.07
2.	Satidham Industries Private Limited	12995277	15.56%	23101670	27.67%	12.11%
3.	Harmony Estates Pvt. Ltd.	55000	0.07%	160513	0.19%	0.12%
4.	Madhusudan Jhunjhunwala	1955000	2.34%	1955000	2.34%	0.00%
5.	Krishnakumar Jhunjhunwala	1313000	1.57%	1313000	1.57%	0.00%
6.	Krishnakumar& Sons (HUF)	325000	0.39%	325000	0.39%	0.00%
7.	Sarladevi Jhunjhunwala	3884000	4.65%	3884000	4.65%	0.00%
8.	Hindustan Cotton Company through its Partners	21164790	25.35%	11164790	13.37%	11.98%
9.	Sarla Estate Developers Private Limited	188080	0.23%	313537	0.38%	0.15%
10.	Kanav Jhunjhunwala	647000	0.77%	647000	0.77%	0.00%
11.	Neha Jhunjhunwala	4000	0.00%	4000	0.00%	0.00%
	TOTAL	**46118907**		**45562078**		

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	7438170	8.91%	3438170	4.12%	-4.79%
2.	Anil Kumar Goel	2734750	3.28%	2734750	3.28%	0.00%
3.	Dalal Broacha Stock Broking Private Limited	1750920	2.10%	1562248	1.87%	-0.23%
4.	S Shyam	0	0.00%	1685331	2.01%	2.01%
5.	HSBC Midcap Equity Fund	1466780	1.76%	1466780	1.76%	0.00%
6.	Seema Goel	790000	0.95%	790000	0.95%	0.00%
7.	Own Lease and Finance Private Limited	905470	1.08%	704770	0.84%	-0.24%
8.	Vinithra Sekhar	0	0.00%	620208	0.74%	0.74%
9.	Vipul P Dalal	694910	0.83%	560315	0.67%	0.16%
10.	Alka Somani	539000	0.64%	540500	0.64%	0.00%

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors/KMP	Share holding at the beginning of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	Directors				
1.	**Madhusudan S. Jhunjhunwala**				
	At the beginning of the Year	1945000	2.33%	1955000	2.34%
	Purchase / Sales	10000	0.01%	0	0
	At the end of the year	1955000	2.34%	1955000	2.34%
2.	**Krishnakumar M. Jhunjhunwala**				
	At the beginning of the Year	1300000	1.56%	1313000	1.57%
	Purchase / Sales	13000	0.1%	0	0
	At the end of the year	1313000	1.57%	1313000	1.57%
	Other KMP				
1.	**Mahendra Sheth**				
	At the beginning of the Year	2400	0.002%	2400	0.002%
	Purchase / Sales	0	0	0	0
	At the end of the year	2400	0.002%	2400	0.002%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(based on Consolidated Financial Statement) (Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
Working Capital	9484.22	-	0.00	9484.22
Long Term Loan	15364.21	517.96	0.00	15882.17
ii) Interest due but not paid				
iii) Interest accrue but not due				
Total (i+ii+iii)	**24848.43**	**517.96**	**0.00**	**25366.39**

(Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
Additional (Net change)	-	-	0.00	-
Reduction	(3910.19)	(404.28)	0.00	(4314.47)
Net Charges	--	--	--	--
Indebtedness at the end of the financial year				
i) Principal Amount				
Working Capital	7747.96	-	0.00	7747.96
Term Loan	13190.28	113.68	0.00	13303.96
ii) Interest due but not paid				
iii) Interest accrue but not due				
Total (i+ii+iii)	**20938.24**	**113.68**	**0.00**	**21051.92**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakhs)

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	138.00	138.00	276.00
		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)	**138.00**	**138.00**	**276.00**

B. Remuneration to other directors:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Shri. Arun Vaid	Shri. Jigar Shah	Shri. Parantap Dave	Ms. Neha Jhunjhunwala	Ms. Shreya Desai	
1.	**Independent Directors**						
	Fee for attending board committee meetings	0.00	0.80	0.80	0.20	0.20	2.00
	Commission	-	-	-	-	-	-
	Others, please specify	-	-		-	-	-
	Total	**0.00**	**0.80**	**0.80**	**0.20**	**0.20**	**2.00**

"If your heart is broken, make art with the pieces."

- Shane Koyczan

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

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	46.03	46.03
	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:	**46.03**	**46.03**

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: 14th August, 2018

Corporate Governance Report

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 Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2018.

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.

BOARD OF DIRECTORS:

Board Composition and Category of Directors

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The composition of the Board and category of Directors are as follows:

Category	Name of Directors
Promoter Executive Directors	Madhusudan Jhunjhunwala, Chairman & Whole-time Director Krishnakumar Jhunjhunwala, Managing Director Neha Jhunjhunwala, Director
Independent Directors	Jigar Shah Parantap Dave Arun Vaid* Shreya Desai#

* Ceased to be a Director with effect from 12th December, 2017.
\# Appointed as a Director with effect from 12th December, 2017.

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.

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, 2018 are given herein below:

"No matter how much falls on us, we keep plowing ahead.
That's the only way to keep the roads clear."
- Greg Kincaid

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	4	Nil	3
Neha Jhunjhunwala (DIN: 07144529)	Director	Non - Executive, Non-Independent Director	Nil	Nil	Nil	Nil
Shreya Desai # (DIN: 08041995)	Director	Non - Executive, Independent Director	Nil	Nil	Nil	Nil

Notes:

* Ceased to be a Director with effect from 12th December, 2017.
# Appointed as a Director with effect from 12th December, 2017.
** 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.

Selection of Independent Director

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 one time 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, considering the views of the Executive and Non-Executive Directors;

c) Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this Meeting.

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

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 Companywww.sarlafibers.com.

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 2017-18 of the Company. The code has been posted on the website of the Company at www.sarlafibers.com.

Performance Evaluation Criterion:

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

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

BOARD MEETINGS, COMMITTEE MEETINGS AND PROCEDURES

Board Meetings:

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

Number of Board Meetings

Four Board meetings were held during the year, details of which are mentioned below:

Date	Board Strength	No. of Directors present
27th May, 2017	6	5
12th September, 2017	6	4
12th December, 2017	6	4
31st January, 2018	6	5

Attendance of Directors at Board Meetings and last Annual General Meeting

Name of the Director	No. of Board Meetings held during the year	No. of Board Meetings attended	Attendance at the AGM held on 29th September, 2017
Madhusudan Jhunjhunwala	4	4	Present
Krishnakumar Jhunjhunwala	4	4	Present
Arun Vaid*	4	0	--
Jigar Shah	4	4	Present
Parantap Dave	4	4	Present
Neha Jhunjhunwala	4	1	--
Shreya Desai#	4	1	Not applicable

* Ceased to be a Director with effect from 12th December, 2017.
# Appointed as a Director with effect from 12th December, 2017.

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

Scheduling and Selection of Agenda items for Board and Committee Meetings

The Company Secretary, in consultation with Chairman of the Board, finalise the agenda of Board / Committee Meetings. The agenda and notes to agenda are circulated to Directors in advance, and in defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of Sub-regulation 7 of Regulation 17 of the SEBI Listing Regulations.Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in Agenda.

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

Recording Minutes of Proceedings at Board and Committee Meetings

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

Compliance

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

Committees:

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

Composition of Committees of the Board

Audit Committee

Sr. No.	Name of the Director	Category	Chairperson / Membership
1	Jigar Arvind Shah	Independent Director	Chairman
2	Parantap Dave	Independent Director	Member
3	Madhusudan Jhunjhunwala	Executive Director	Member

Nomination and Remuneration Committee

Sr. No.	Name of the Director	Category	Chairperson / Membership
1	Jigar Arvind Shah	Independent Director	Chairman
2	Shreya Desai*	Independent Director	Member
3	Parantap Dave	Independent Director	Member

Stakeholders' Relationship Committee

Sr. No.	Name of the Director	Category	Chairperson / Membership
1	Jigar Arvind Shah**	Independent Director	Chairman
2	Parantap Dave	Independent Director	Member
3	Madhusudan Jhunjhunwala	Executive Director	Member

Corporate Social Responsibility Committee

Sr. No.	Name of the Director	Category	Chairperson / Membership
1	Madhusudan Jhunjhunwala	Executive Director	Chairman
2	Parantap Dave	Independent Director	Member
3	Jigar Arvind Shah	Independent Director	Member

Risk Management Committee

Sr. No.	Name of the Director	Category	Chairperson / Membership
1	Krishnakumar Jhunjhunwala	Executive Director	Chairman
2	Jigar Arvind Shah	Independent Director	Member
3	Parantap Dave	Independent Director	Member

*Arun Vaid ceased to be a member of the Nomination and Remuneration Committee with effect from 12th December, 2017.Shreya Desai was appointed as a member of Nomination and Remuneration Committee With effect from 12th December, 2017.

** Mr. Arun Vaid resigned from the Chairmanship of the Stakeholders' Relationship Committee with effect from 12th December, 2017 and Mr. Jigar Shah was appointed as Chairman of the Committee with effect from that date.

Mr. Mahendra Sheth, Company Secretary and Compliance Officer, is the Secretary of all Committees.

Meetings of Committees held during the year and Directors' Attendance

Committees of the Company	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Meetings held	4	1	1	1	NIL
		Members' Attendance			
Madhusudan Jhunjhunwala	4	NA	1	1	NA
Krishnakumar Jhunjhunwala	NA	NA	NA	NA	1
Jigar Shah**	4	1	1	1	1
Parantap Dave	4	1	1	1	1
Arun Vaid*	NA	0	NA	NA	NA
Shreya Desai*	NA	0	NA	NA	NA

NA - Not a member of the Committee

*Mr. Arun Vaid ceased to be a member of the Nomination and Remuneration Committee with effect from 12th December, 2017. Ms. Shreya Desai was appointed as a member of Nomination and Remuneration Committee With effect from 12th December, 2017.

** Mr. Arun Vaid resigned from the Chairmanship of the Stakeholders' Relationship Committee with effect from 12th December, 2017 and Mr. Jigar Shah was appointed as Chairman of the Committee with effect from that date.

Terms of Reference and other Details of Committees

Audit Committee:

The Committee's composition and terms of reference are in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The composition of Committee is given in this Report. Members of the Audit Committee possess requisite qualifications.

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

Meeting Details:

Date	Committee Strength	No. of Memberspresent
27th May, 2017	3	3
12th September, 2017	3	3
12th December, 2017	3	3
31st January, 2018	3	3

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

- overseeing the Company's financial reporting process,
- reviewing with the management and external auditors key issues and significant processes, quarterly and yearly financial results before submission to the Board,
- recommending appointment/ re-appointment/ replacement/ removal of the statutory auditors and/ or their fees, reviewing the adequacy of the internal control systems and procedures, significant risk areas with the management,
- review of significant related party transactions and internal audit reports,
- reviewing progress made in implementation of recommendations made by the Internal Audit Department,
- making recommendations for improvement in internal control systems and reviewing issue related to risk management and compliances,
- Reviewing the findings of any internal investigations into any suspected fraud, irregularity or internal control and to determine the reasons for any substantial defaults in the payment of depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- Hold discussions with statutory auditors on the nature, scope and process of audits and any views that they have about the financial control and reporting processes.
- Recommend the appointment of cost auditors.
- Valuation of undertakings or assets of the Company, wherever it is necessary.

NOMINATION AND REMUNERATION COMMITTEE:

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013, Regulation 19 of the Listing Regulations. The Committee consists of three Independent Directors of the Company viz. Mr. Jigar A. Shah, Mr. Arun Vaid, and Mr. Parantap Dave. Mr. Arun Vaid ceased to be a Member of the Committee with effect from 12th December, 2017 and Ms. Shreya Desai was appointed as a Member of the Committee from that date.

Meeting Details:

Date	Committee Strength	No. of Members present
12th December, 2017	3	2

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

- Reviewing the overall compensation policy, service agreements and other employment conditions of Managing/Whole-time Director(s) and Senior Management (one level below the Board);
- To help in determining the appropriate size, diversity and composition of the Board;
- To recommend to the Board appointment / re-appointment and independence of Directors;
- To recommend to the Board remuneration payable to the Directors;
- To create an evaluation framework for Independent Directors and the Board;
- To provide necessary reports to the Chairman of the Board after the evaluation process is completed by the Committee Members;
- To assist in developing a succession plan for the Board;
- To assist the Board in fulfilling responsibilities entrusted from time- to-time;
- Delegation of any of its powers to any Members of the Committee or the Compliance Officer.

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

REMUNERATION OF DIRECTORS:

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

The details of sitting fees paid to the Directors during the year 2017-18 are given below:-

Name of Non-Executive Directors	Sitting Fees (Rs.)
Mr. Arun Vaid	NIL
Mr. Jigar A. Shah	80,000/-
Mr. Parantap Dave	80,000/-
Ms. Neha Jhunjhunwala	20,000/-
Ms. Shreya Desai	20,000/-

None of the Non-Executive Directors of the Company had any pecuniary relationship of transaction with the Company during the financial year 2017-18.

Company has paid a remuneration of Rs.1,38,00,000/- to Mr. Krishnakumar M. Jhunjhunwala, Managing Director and Rs. 1,38,00,000/- to Mr. Madhusudan S. Jhunjhunwala, Chairman & Whole Time Director of the Company during the financial year 2017-18, as given below : -

(Rs. in Lakhs)

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

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

Chairman & Whole Time Director:

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

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

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

Stakeholders Relationship Committee:

Stakeholders Relationship Committee looks into the redressal of shareholder's/investor's complaints. It consists of Mr. Madhusudan Jhunjhunwala, Mr. Jigar Shah, and Mr. Parantap Dave. During the year one meeting ofStakeholders Relationship Committeewas held on 31st January, 2018.

Meeting Details:

Date	Committee Strength	No. of Members present
31st January, 2018	3	3

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

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

- Oversee and review all matters connected with transfer of Company's securities;
- Approve issue of duplicate shares / debenture certificates;
- Consider, resolve and monitor redressal of investors' / shareholders' / security holders' grievances related to transfer of securities, non-receipt of annual reports, non-receipt of declared dividend, issue / new duplicate certificates, general meetings and so on.
- Oversee the performance of the Company's Registrars and Transfer Agents.
- Monitor implementation and compliance with the Company's code of conduct for prohibition of insider trading;
- Annual performance evaluation of the Committee;
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

Type of Complaints	Number of Complaints
Non-Receipt of Annual Reports	6
Non-Receipt of Dividend	8
Non-Receipt of Interest/ Redemption Warrants	-
Transfer of securities	-
Total	14

Investor Grievance Redressal

The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:
There were no pending requests for the financial year ended 31st March, 2018.

Corporate Social Responsibility Committee:

Pursuant to the provisions of Section 135 of the Companies Act, 2013, Corporate Social Responsibility committee consisting of Mr.

Date	Committee Strength	No. of Members present
27th May, 2017	3	3

Madhusudan Jhunjhunwala as Chairman, Mr. Jigar Shah and Mr. Parantap Dave as members of the committee. The Role of the Committee is to look after company's CSR activities and shall monitor CSR Plan.

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

- Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on

the CSR activities;

- Approve Corporate Sustainability Reports and oversee the implementation of sustainability activities;
- Monitor Company's compliance with the Corporate Governance Guidelines and applicable laws and regulations and make recommendations to the Board on all such matters and on any corrective action to be taken, as the Committee may deem appropriate.
- Monitor CSR policy of the Company from time to time.
- Monitor CSR activities undertaken by the Company.
- Ensure compliance with the corporate governance norms prescribed under the Listing Regulations, the Companies Act, 2013 and other statutes or any modification or re-enactment thereof;

Risk Management Committee:

The Risk Management Committeeconsistsof Mr. Krishnakumar Jhunjhunwala as Chairman, Mr. Jigar Shah and Mr. Parantap Dave 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.

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

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

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

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

General Body Meetings - Location and time of last 3 Annual General Meetings:

AGM for the Financial Year	Date	Time	Venue
2014-2015	28th September, 2015	09.00 a.m.	} Registered Office of the Company
2015-2016	30th September, 2016	11.00 a.m.	} Survey No. 59/1/4, Amli Piparia
2016-2017	29th September, 2017	11.00 a.m.	} Industrial Estate, Silvassa – 396230 } U.T. OF D. & N. HAVELI.

During last 3 AGMs following special resolutions were passed:

Date of AGM	Date	Resolution Matter
28th September, 2015	196, 197 and 203 of Companies Act, 2013	Re-Appointment of Chairman & Whole Time Director for Period of 5 Years
	14 of Companies Act, 2013	Alteration of Article of Association
	14 of Companies Act, 2013	Adoption of New Set of Article of Association

No Special resolution was passed in the AGM held on 30th September, 2016 and 29th September, 2017.

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

Means of Communication

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

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

Disclosures

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

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

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

Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

Corporate Governance Report

Whistle Blower Policy:

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

Insider Trading:

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended from time to time, the Company has formulated a code of fair disclosure and conduct for prevention of insider trading. Details of the shareholdings of the Non-Executive Directors as on March 31, 2018 are as under –

Name	No. of Shares of Re. 1 each
Mr. Parantap Priyakant Dave	Nil
Mr. ArunkumarS hivprasad Vaid*	Nil
Mr. Jigar Arvindkumar Shah	Nil
Ms. Shreya Desai*	Nil

General Shareholder Information

Annual General Meeting	
Date and Time	Friday, 28th September, 2018 at 09:30 a.m.
Venue	Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa – 396230 U.T. Dadra & Nagar Haveli
Date of Book Closure	21st September, 2018 to 28th September, 2018 (Both days Inclusive)
Financial Calendar	1st April 2018 to 31st March 2019 The results will be published as under : **(Tentative)** First Quarter — Before 14th August, 2018 Second Quarter — Before 15th November, 2018 Third Quarter — Before 15th February, 2019 Fourth Quarter(Annual) — Before 30th May, 2019
Dividend payment date	Dividend Payment will start from 28th September, 2018
Listing on Stock Exchanges and Stock-Code	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street,Mumbai - 400001 - Stock Code No. 526885 and National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400051 - 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.2018-19 and there is no outstanding payment towards the exchanges, as on date.

Market Price Data

Monthly high/low during the year 2017-2018 on the BSE and National Stock Exchange:

Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2017	65.10	62.50	65.00	62.50
May 2017	58.00	57.00	59.05	57.25
June 2017	51.00	50.00	51.00	49.70
July 2017	49.75	48.90	49.85	48.90
August 2017	47.85	46.50	48.20	46.50
September 2017	47.20	45.30	47.20	46.05
October 2017	60.20	58.40	60.35	58.20

Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
November 2017	55.75	53.80	56.55	53.50
December 2017	72.25	67.75	72.25	67.35
January 2018	64.90	60.35	62.80	60.25
February 2018	59.25	57.00	59.20	57.25
March 2018	55.10	51.75	55.55	51.50

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

Chart of Company Share Prices compared to BSE Sensex

Company Share Prices Compared to BSE Sensex

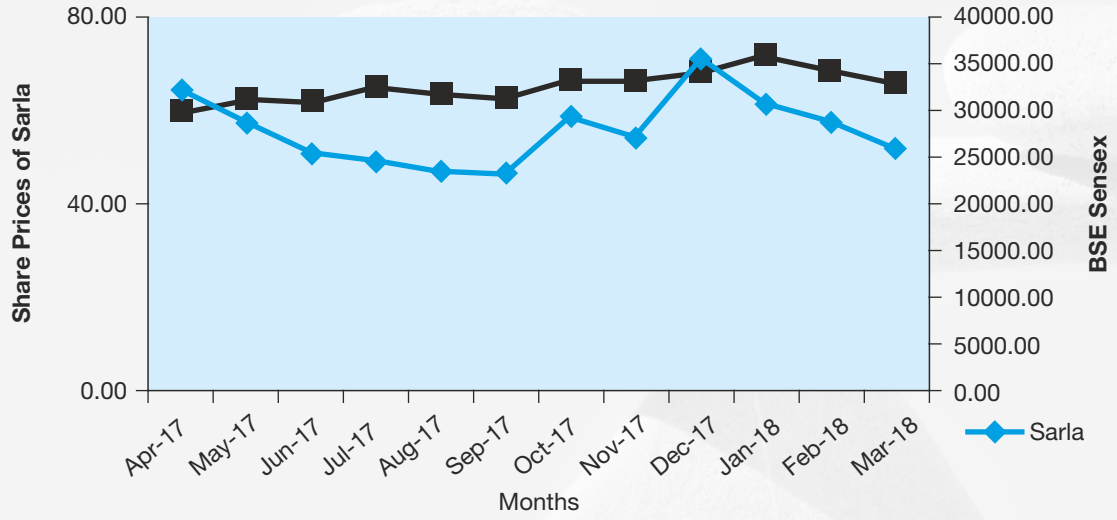
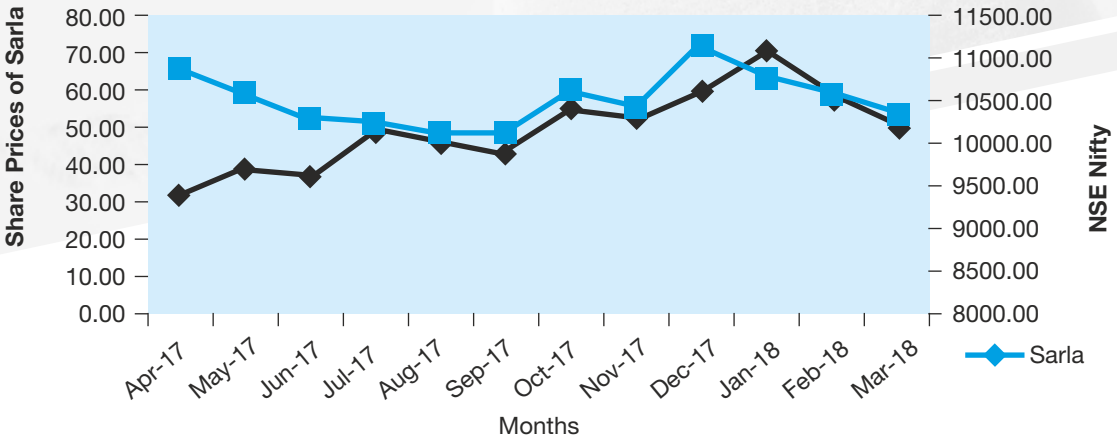


Chart of Company Share Prices compared to NSE Nifty Index



Distribution of Shareholding as on 31st March 2018

Shares of Nominal Value (Rs.)		Shareholders		Total Amount (Rs.)	
From	To	Number	% to Total	Amount	% to Total
1	5000	14784	95.99	9940261	11.90
5,001	10,000	336	2.18	2573938	3.08
10,001	20,000	131	0.85	1912866	2.29
20,001	30,000	44	0.29	1156818	1.39
30,001	40,000	25	0.16	858025	1.03
40,001	50,000	12	0.08	553668	0.66
50,001	1,00,000	30	0.19	2153967	2.58
100001 and above		40	0.26	64353457	77.07
Total		15402	100.00	83503000	100.00

Shareholding Pattern as on 31st March 2018

Meeting Details:

Category	No. of shares	%
Promoters	45562078	54.56
Mutual Funds & UTI	4904950	5.87
Fins / Banks	62325	0.075
Venture Capital Funds	-	-
FII(S)	20000	0.024
Private Corporate Bodies	4345237	5.20
Indian Public	26353333	31.56
Non Resident Indians	1838737	2.20
Any other (Clearing Members)	416240	0.49
Total	**8,35,03,000**	**100.00**

Dematerialization of shares and liquidity:

The shares of your company are available in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN Number of Sarla Performance Fibers Limited on both NSDL and CDSL is INE 453D01017, 97.52 % of the total equity capital of the Company was held in dematerialised form as on 31st March, 2018.

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.

Address for Investors/Analyst Correspondence:

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

2. With the Registrar :
M/s. Sharex Dynamic (India) Pvt. Ltd.,
Unit – 1, Luthra Ind. Premises,Safed Pool, Andheri – Kurla Road,Andheri (E), Mumbai – 400072
Tel : 2270 24 85 / 2264 1376 FAX: 2851 2885
E-mail: sharexindia@vsnl.com Website: www.sharexindia.com

Outstanding GDRs /ADRs: NIL

Plant locations:

Silvassa:

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

Vapi:

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

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 2017-18 there is no Audit qualification in the Company's Standalone financial Statements.

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.



"Strong people alone know how to organize their suffering so as to bear only the most necessary pain."

- Emil Dorian

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 31stMarch, 2018 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 CNK &Associates LLP
Chartered Accountants
Firm Registration No. - 101961W),

Himanshu Kishnadwala
Partner
Membership No. 37391

Place: Mumbai
Date: 14th August, 2018

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

To,
The Board of Directors
Sarla Performance Fibers Limited

A. We hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2018 and to the best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

B. We hereby certify that, to the best of our knowledge and belief, no transactions entered into during the year by the Company are fraudulent, illegal or violative of the Company's Code of Conduct.

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

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

(i) significant changes in internal control over financial reporting during the year;

(ii) that there are no significant changes in the accounting policies during the year; and

(iii) that there are no instances of significant fraud of which we have become aware.

For **SARLA PERFORMANCE FIBERS LIMITED**

Krishnakumar Jhunjhunwala
Managing Director & CEO.

Mahendra Sheth
Chief Financial Officer

Place: Mumbai
Date: 14th August, 2018

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, 2018.

For **SARLA PERFORMANCE FIBERS LIMITED,**

(Madhusudan Jhunjhunwala)
Chairman &Whole-time Director
(DIN: 00097254)

Place: Mumbai,
Dated: 14th August, 2018

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

REPORT ON THE STANDALONE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Sarla Performance Fibers Limited ("the Company"), which comprise the Balance Sheet as at 31stMarch, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS 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 standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss(financial performance)including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS)prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 Ind ASfinancial 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 of the standalone Ind AS financial statements 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 whetherthe standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the 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 standalone Ind AS 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 Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31stMarch, 2018 and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

OTHER MATTER

The comparative financial information of the Company for the year ended 31stMarch, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) audited by the predecessor auditor whose reports for the year ended 31st March, 2017 and 31st March, 2016 dated 27th May, 2017 and 30th May, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016,issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act ("the Order"), and on the basis

of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss(including Other Comprehensive Income), the Cash Flow Statement andStatement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representation received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31stMarch,2018 from being appointed as director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company, and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

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, as amended, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 47.1 of the standalone Ind AS financial statements;

ii. The Company has made provision, as required under applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

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

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

Himanshu Kishnadwala
Partner
Membership No.: 37391

Place: Mumbai
Date: 29th May, 2018

Annexure A to Independent Auditor's Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sarla Performance Fibers Limited ("the Company") on the standalone Ind AS financial statements for the year ended 31stMarch, 2018]

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

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

Particulars	Number of Cases	Gross Block (Rs. in Lakhs)	Net Block (Rs. in Lakhs)	Remarks
Freehold Land	1	3,028.83	3,028.83	Document of title in the name of two directors of the company. The company is in the process of getting the title deeds registered in its name.

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

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

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

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

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

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

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

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

(c) Details of income-tax, sales-tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax have not been deposited as on March 31, 2018 on account of any dispute, are as under:

Name of the Statute	Forum where dispute is pending	Period to which the amount relates	Amount (Rs. in Lakhs)
Central Excise Act, 1944	Supreme Court of India	FY 1995-96, 1996-97	75.00
Central Excise Act, 1944	CESTAT	FY 1995-96, 1996-97	971.96
Custom Act, 1962	CESTAT	FY 2011-12, 2016-17	41.05

(viii) According to the information and explanations given to us, based on our examination of books and records, the Company has not defaulted in the repayment of loans or borrowing to banks. The Company does not have any loans and borrowings from financial institutions, government and has not issued any debentures;

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, money raised by way of term loans during the year have been

applied for the purpose for which those were raised;

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instances of fraud by the Company or on the Company by its officers or employees have been noticed or reported during the year;

(xi) According to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Act;

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable;

(xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act,2013, where applicable, for all transactions with related parties and the details of such transactions have been disclosed in the financial statements etc. as required by the applicable Indian Accounting Standards;

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable;

(xv) According to the information and explanations given to us, during the year the Company has not entered into non-cash transactions with directors or persons connected with them;

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Himanshu Kishnadwala
Partner
Membership No.: 37391

Place: Mumbai
Date: 29th May, 2018

Annexure B to Independent Auditor's Report

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sarla Performance Fibers Limited ("the Company")on the standalone Ind AS financial statements for the year ended 31stMarch, 2018]

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

We have audited the internal financial controls with reference to financial statements of Sarla Performance Fibers ("the Company") as of 31stMarch, 2018 in conjunction with our audit of the standalone Ind AS 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 with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Himanshu Kishnadwala
Partner
Membership No.: 37391

Place: Mumbai
Date: 29th May, 2018

Balance Sheet as at 31st March, 2018

(Rs. in Lakhs)

	Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
I ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	4A	16,865.87	16,664.24	10,198.77
(b) Capital Work in progress	4B	322.98	-	-
(c) Investment Property	5	-	1,580.62	1,649.18
(d) Intangible assets	6	2,049.76	2,144.81	2,238.80
(e) Investments in Subsidiaries	7	779.72	779.72	779.72
(f) Financial Assets				
(i) Investments	8	964.22	926.95	801.03
(ii) Loans	9	8,023.54	7,051.56	5,994.39
(iii) Other financial assets	10	2,087.22	444.01	411.08
(g) Non current Tax Assets (Net)	11	52.75	115.88	207.24
(h) Other non-current assets	12	180.73	294.69	254.85
Total non-current assets		**31,326.79**	**30,002.48**	**22,535.06**
(2) Current assets				
(a) Inventories	13	4,225.19	4,216.35	5,130.83
(b) Financial Assets				
(i) Investments	14	124.82	-	24.08
(ii) Trade receivables	15	6,875.26	6,481.66	5,060.83
(iii) Cash and cash equivalents	16	1,279.85	524.08	348.52
(iv) Bank balances other than (iii) above	17	2,910.79	6,399.39	9,123.82
(v) Loans	18	23.12	26.51	16.29
(vi) Other financial assets	19	43.19	712.88	403.05
(c) Other current assets	20	1,050.48	463.44	678.84
Total current assets		**16,532.70**	**18,824.31**	**20,786.26**
Total Assets		**47,859.49**	**48,826.79**	**43,321.32**
II EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	21	835.03	835.03	835.03
(b) Other Equity	22	28,845.21	25,758.08	21,954.09
Total equity		**29,680.24**	**26,593.11**	**22,789.12**
Liabilities				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	23	3,925.60	4,621.00	4,032.98
(ii) Other financial liabilities	24	1.00	1.00	1.00
(b) Provisions	25	92.39	-	-
(c) Deferred tax liabilities (Net)	26	2,800.24	2,362.08	1,974.85
(d) Other non-current liabilities	27	5.93	6.71	7.49
Total non-current liabilities		**6,825.16**	**6,990.79**	**6,016.32**

(Rs. in Lakhs)

	Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	28	6,445.68	8,186.51	9,233.57
(ii) Trade payables	29	1,072.48	1,000.85	689.20
(iii) Other financial liabilities	30	3,602.41	4,958.26	3744.58
(b) Other current liabilities	31	106.78	1,018.36	759.42
(c) Provisions	32	38.76	78.91	89.11
(d) Current Tax Liabilities (Net)	33	87.98	-	-
Total current liabilities		**11,354.09**	**15,242.89**	**14,515.88**
Total Equity and Liabilities		**47,859.49**	**48,826.79**	**43,321.32**

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

HIMANSHU KISHNADWALA
Partner
(Membership No. 37391)

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

Place: Mumbai
Date: 29th May, 2018

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 29th May, 2018

Just like moons and like suns, With the certainty of tides,
Just like hopes springing high, Still I'll rise.

Statement of Profit & Loss for the Year ended 31st March, 2018

(Rs. in Lakhs)

		Note No.	For the Year Ended 31st March 2018	For the Year Ended 31st March 2017
I	Revenue from Operations	34	27,864.53	27,669.25
II	Other Income	35	2,366.62	1,671.46
III	**TOTAL INCOME (I+II)**		**30,231.15**	**29,340.71**
IV	**Expenses**			
	(a) Cost of materials consumed	36	13,072.78	11,054.92
	(b) Purchases of Stock-in-trade	37	-	57.07
	(c) Changes in inventories of finished goods and work-in progress	38	678.53	715.81
	(d) Employee benefits expense	39	1,007.77	923.30
	(e) Finance costs	40	618.18	502.14
	(f) Depreciation and amortization expense	41	1,317.04	1,243.55
	(g) Other expenses	42	7,606.17	9,285.22
	TOTAL EXPENSES (a to g)		**24,300.47**	**23,782.02**
V	**Profit/(loss) before tax (III-IV)**		**5,930.68**	**5,558.69**
VI	**Tax expense:**	26		
	Current tax		1,505.00	1,200.10
	Deferred tax		362.83	879.93
	Mat credit entitlement		(145.39)	(492.70)
	Adjustments for earlier years		182.22	-
	Total tax expense		**1,904.66**	**1,587.33**
VII	**Profit/(loss) for the year (V-VI)**		**4,026.02**	**3,971.36**
VIII	**Other Comprehensive Income ('OCI')**			
A	(i) Items that will not be reclassified to profit or loss Remeasurement of defined benefit plan		(16.91)	(3.76)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		5.91	-
	Total (A)		(11.00)	(3.76)
B	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total (B)			
Total Other comprehensive income (A+B)			**(11.00)**	**(3.76)**
IX	**Total comprehensive income for the year (VII+VIII)**		**4,015.02**	**3,967.60**
X	**Earnings per equity share**	43		
- Basic and Diluted (face value Re. 1)			4.82	4.76

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

HIMANSHU KISHNADWALA
Partner
(Membership No. 37391)
Place: Mumbai
Date: 29th May, 2018

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

MAHENDRA SHETH
CFO & Company Secretary

FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place: Mumbai
Date: 29th May, 2018

Statement of Cash Flow for the year ended 31st March, 2018

(Rs. in Lakhs)

	For the Year Ended 31st March 2018	For the Year Ended 31st March 2017
A Cash flow from operating activities		
Profit before tax	5,930.68	5,558.69
Adjustments for:		
Finance costs	618.18	502.14
Depreciation and amortisation expenses	1,317.04	1,243.55
Interest on Income Tax	10.79	-
Interest income	(374.65)	(820.19)
Gain on disposal of investment property	(840.96)	-
Gain on disposal of property, plant and equipment	(75.12)	-
Gain on disposal of investment	(27.21)	(15.53)
Gain on fair value of investments	(8.15)	(25.97)
Dividend Income on Current investments	(8.69)	(7.68)
Dividend Income from Subsidiary	(919.56)	(210.38)
Government Grant	(0.78)	(0.78)
Unrealised exchange gain or loss on foreign currency translations	(83.14)	417.69
Amortisation of Foreign currency monetary item translation difference account	(4.69)	(6.23)
Operating profit before working capital changes	**5,533.73**	**6,635.30**
Movements in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Trade receivables	(393.60)	(1,420.84)
Inventories	(8.84)	914.48
Current loans	3.39	(10.22)
Non-current loans	78.39	(366.62)
Other non current assets	113.97	(39.85)
Other current assets	(587.04)	215.40
Other current financial assets	474.77	(424.64)
Other non current financial assets	-	-
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	71.63	311.66
Other current financial liabilities	281.21	1,539.92
Other current liabilities	(928.18)	258.94
Provisions	35.34	(13.96)
Cash generated from operations	**4,674.73**	**7,599.58**
Direct taxes paid (net)	(1,320.28)	(1,108.74)
Net cash generated from operating activities (A)	**3,354.46**	**6,490.84**

Statement of Cash Flow for the year ended 31st March, 2018

(Rs. in Lakhs)

	For the Year Ended 31st March 2018	For the Year Ended 31st March 2017
B Cash flows from investing activities		
Bank balances other than Cash & Cash equivalents	3,488.60	2,724.43
Purchase of property, plant and equipment	(3,013.15)	(7,774.44)
Purchase of intangible Assets	(7.33)	(8.25)
Proceeds from disposals of property, plant and equipment	2,500.32	73.53
Purchase of non current investments	(9.49)	(99.94)
Purchase of current investments	(117.24)	39.61
Loans to Subsidiaries	(924.61)	(855.43)
Interest received	410.32	795.52
Bank Deposits	(1,483.96)	106.55
Dividend Income on Current investments	8.69	7.68
Dividend Income from Subsidiary	919.56	210.38
Net cash (used in) investing activities (B)	**1,771.71**	**(4,780.37)**
C Cash flow from financing activities		
Proceeds from non current borrowings	(1,066.81)	475.86
Proceeds from current borrowings	(1,783.45)	(1,299.87)
Interest paid	(601.58)	(502.14)
Dividend paid	(918.53)	(208.77)
Net cash (used in) financing activities (C)	**(4,370.37)**	**(1,534.91)**
D NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	**755.79**	**175.56**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
Balances with banks in current accounts and deposit accounts	514.48	335.15
Cash on hand	9.60	13.37
CASH AND CASH EQUIVALENTS AS PER NOTE 16	**524.08**	**348.52**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Balances with banks in current accounts and deposit accounts	1,271.22	514.48
Cash on hand	8.63	9.60
CASH AND CASH EQUIVALENTS AS PER NOTE 16	**1,279.87**	**524.08**

Explanatory notes to Statement of Cash Flows:

1 The Statement of Cash Flows is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Ind AS 7 as notified by Ministry of Corporate Affairs.

2 In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.

3 The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

HIMANSHU KISHNADWALA
Partner
(Membership No. 37391)

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

Place: Mumbai
Date: 29th May, 2018

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 29th May, 2018

Statement of changes in equity for the year ended 31st March, 2018

(Rs. in Lakhs)

a. Equity Share Capital (note 21)	
Particulars	**Amount**
Balance as at 1st April, 2016	835.03
Changes in equity share capital during the year 2016-17	-
Balance as at 31st March, 2017	**835.03**
Changes in equity share capital during the year 2017-18	-
Balance as at 31st March, 2018	**835.03**

b. Other Equity (note 22)

Particulars	Reserves and surplus					Total Equity
	Capital Equity	Securities premium reserve	General reserve	Foreign currency monetary item translation difference account	Retained earnings*	
As at 1st April, 2016	**182.40**	**4,529.00**	**8,274.38**	**(26.46)**	**8,994.77**	**21,954.09**
	-	-	-	-	-	-
Profit for the year 2016-17	-	-	-	-	3,971.36	3,971.36
Other comprehensive income for the year 2016-17 (net of tax)	-	-	-	-	(3.76)	(3.76)
	-	-	-	-	-	-
Addition /(Deletions) during the year	-	-	-	51.40	-	51.40
Amortisation during the year	-	-	-	(6.23)	-	(6.23)
Total comprehensive income for the year	-	-	-	**45.17**	**3,967.60**	**4,012.77**
	-	-	-			
	-	-	-	-	-	
Dividend	-	-	-	-	(208.77)	(208.77)
	-	-	-	-		
As at 31st March, 2017	**182.40**	**4,529.00**	**8,274.38**	**18.70**	**12,753.60**	**25,758.08**
	-	-	-	-	-	
Profit for the year 2017-18	-	-	-	-	4,026.02	4,026.02
Other comprehensive income for the year 2017-18 (net of tax)	-	-	-	-	(11.00)	(11.00)
	-	-	-	-	-	
Addition /(Deletions) during the year	-	-	-	(4.63)	-	(4.63)
Amortisation during the year	-	-	-	(4.69)	-	(4.69)
Total comprehensive income for the year	-	-	-	-	-	-
	-	-	-	**(9.32)**	**4,015.02**	**4,005.70**
	-	-	-	-	-	-
Dividend	-	-	-	-	(918.53)	(918.53)
	-	-	-	-	-	-
As at 31st March, 2018	**182.40**	**4,529.00**	**8,274.38**	**9.38**	**15,850.05**	**28,845.21**

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

HIMANSHU KISHNADWALA
Partner
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KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

Place: Mumbai
Date: 29th May, 2018

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 29th May, 2018

1. CORPORATE INFORMATION:

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

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

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

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

2.1. Basis of compliance:

The financial statements comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Until the adoption of Ind AS, for all periods up to and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). The financial statements for the year ended 31stMarch, 2017 and the opening Balance Sheet as at 1stApril, 2016 have been restated in accordance with Ind AS for comparative information.

Reconciliation and description of the effects of the transition to Ind AS has been summarised in Note 55.

2.2. Basis of preparation and presentation:

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

Current and Non – Current Classification

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

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

The financial statements of the Company for the year ended 31st March, 2018 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 29th May, 2018.

2.3. Use of Judgements and Estimates:

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

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

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

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

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

2.4. Property, plant and equipment:

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

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

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

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

2.4.5. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred;

2.4.6. An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;

2.4.7. Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Act, except for assets costing Rs. 5,000/- or less are fully depreciated or fully written off in the year of purchase;

2.4.8. Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life of such components has been assessed based on historical experience and internal technical assessment;

2.4.9. Depreciation on spare parts specific to an item of property, plant and equipment is based on life of the related property, plant and equipment. In other cases, the spare parts are depreciated over their estimated useful life based on the technical assessment;

2.4.10. Leasehold land is amortised over the primary lease period. Other assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives;

2.4.11. Freehold land is not depreciated;

2.4.12. The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;

2.4.13. The Company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (01st April, 2016) (Also Refer Note 55).

2.5. Intangible Assets:

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

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

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

Asset	Useful life
Computer software	3 years
Service concession arrangement	20 years

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

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

2.5.6. The Company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its intangible assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (01st April, 2016).(Also Refer Note 55)

2.6. Investment property:

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

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

2.6.3. Depreciation on building is provided over its useful life using straight line method. These useful life determined in line with the useful lives as precribed in the schedule II of the Act;

2.6.4. On transition to Ind AS (1st April, 2016), the Company has re-classified certain items from property, plant and equipment to Intangible Assets. For the same, Company has elected to use the exemption available under Ind AS 101 to continue the carrying value for such assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. (Also Refer Note 55)

2.7. Non-currents assets held for sale:

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

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

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

2.8. Leases:

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

2.8.1. Company as a lessee:

Finance lease

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

Operating Lease

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

2.8.2. Company as a lessor:

Finance lease

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

Operating Lease

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

2.9. Impairment of Non-financial Assets:

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

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

2.10. Inventories:

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

2.10.2. Cost includes all charges in bringing the goods to their present location and condition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty;

2.10.3. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.11. Investment in Subsidiaries:

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

2.12. Fair Value measurement:

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

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

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

2.12.4. The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out;

2.12.5. While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities

- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- **Level 3:** inputs for the assets or liability that are not based on observable market data (unobservable inputs);

2.12.6. When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;

2.12.7. If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction;

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

2.13. Financial Instruments:

2.13.1. Financial Assets:

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

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

Financial assets are subsequently classified as measured at

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

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

Trade Receivables and Loans:

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

Debt instruments:

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

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Measured at amortised cost:

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

Measured at FVOCI:

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

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

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

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments inequity instruments are recognised as 'other income' in the Statement of Profit and Loss.

De-recognition:
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset;

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

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

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

2.13.3. Financial guarantees:
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation;

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

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

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

2.14. Revenue Recognition:
2.14.1. Sale of goods:
Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and service tax, etc;

2.14.2. Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed in proportion to the stage of completion of the transaction at the reporting date and the amount of revenue can be measured reliably;

2.14.3. Income from export incentives such as duty drawback and premium on sale of import licenses are recognised on accrual basis except for focus market scheme license which is recognised as and when the licenses are sold;

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

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

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

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

2.14.8. Renewable Energy Certificate (REC) income is recognised as and when such RECs are traded and money is realised.

2.15. Employee Benefits:

2.15.1. Short-term employee benefits:

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

2.15.2. Post-employment benefits:

The Company operates the following post – employment schemes:

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

Defined Contribution Plans:

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

Defined Benefit Plans:

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

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

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

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

2.16. Borrowing costs:

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

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

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

2.17. Foreign Currency Transactions:

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

2.17.2. Monetary items:

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

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.
Exchange differences arising on settlement or translation of monetary items (except for long term foreign currency monetary items outstanding as of 31st March 2017) are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

The Company has elected to continue the policy adopted under Previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of the liability (Also Refer Note 4A(i) and 54);

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

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

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

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

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

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

2.19.3. If the effect of the time value of money is material, provisions are discounted us

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

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

2.20. Taxes on Income
2.20.1. Current Tax
Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

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

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

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

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

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

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

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

2.21. Earnings per share

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

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

2.22. Cash and Cash equivalents:

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

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

2.23. Cash Flows:

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

2.24. Dividend:

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

3. RECENT ACCOUNTING PRONOUNCEMENTS

On 28th March 2018, The Ministry of Corporate affairs notified Ind AS 115 "Revenue From contracts with customers" as a part of companies (Indian accounting standards) Amendment Rules, 2018.

The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 01, 2018. The effect on adoption of Ind AS 115 is being assessed by the Company.

"Success and failure come and go, but don't let them define you. It's who you are that matters."

- Kamal Ravikant

Notes to Financial Statement for the year ended 31st March, 2018

Note 4A Property, Plant & Equipment

(Rs. in Lakhs)

Gross Block	Freehold Land	Leasehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Total
Deemed cost as at 1st April, 2016	91.17	-	1,469.37	8,484.50	25.17	58.05	11.32	59.20	10,198.77
Additions	3,093.75	8.70	86.16	4,371.22	5.84	40.30	2.08	5.02	7,613.05
Deletions	-	-	-	-	-	(6.21)	-	(0.05)	(6.26)
Balance as at 31st March, 2017	**3,184.92**	**8.70**	**1,555.53**	**12,855.72**	**31.01**	**92.13**	**13.40**	**64.16**	**17,805.56**
Additions / Transfers	120.74	-	152.10	1,133.26	20.42	-	8.34	3.42	1,438.29
Deletions	-	-	-	(60.62)	-	-	-	-	(60.62)
Balance as at 31st March, 2018	**3,305.66**	**8.70**	**1,707.63**	**13,928.36**	**51.43**	**92.13**	**21.73**	**67.58**	**19,183.23**

Accumulated Depreciation	Freehold Land	Leasehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Total
Balance as at 1st April, 2016	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	63.08	1,028.21	5.32	17.37	4.02	23.32	1,141.32
Depreciation on deletion	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	**-**	**-**	**63.08**	**1,028.21**	**5.32**	**17.37**	**4.02**	**23.32**	**1,141.32**
Depreciation charge for the year	-	0.46	68.26	1,088.60	5.97	16.74	3.95	30.67	1,214.66
Depreciation on deletion	-	-	-	(38.62)	-	-	-	-	(38.62)
Balance as at 31st March, 2018	**-**	**0.46**	**131.34**	**2,078.20**	**11.29**	**34.11**	**7.96**	**53.99**	**2,317.35**

Net block as at 1st April, 2016	**91.17**	**-**	**1,469.37**	**8,484.50**	**25.17**	**58.05**	**11.32**	**59.20**	**10,198.77**
Net block as at 31st March, 2017	**3,184.92**	**8.70**	**1,492.45**	**11,827.51**	**25.69**	**74.76**	**9.38**	**40.84**	**16,664.24**
Net block as at 31st March, 2018	**3,305.66**	**8.23**	**1,576.29**	**11,850.17**	**40.14**	**58.02**	**13.77**	**13.59**	**16,865.87**

Notes:

(I) In Plant and Equipments addition is net off loss of Rs.1.09 lakhs (as at 31st March, 2017: Rs. 3.38 lakhs and as at 1st April, 2016: Rs. 118.21 lakhs) on reinstatement of foreign currency loan taken to acquire the asset. (Refer note 54) (ii) Freehold land includes, Land acquired during FY 2016-17 for Rs. 30 Crores which is standing in the name of two directors pending completion of formalities for transfer of the same to the company name. (iii) Charge has been created over property, plant and equipments of the company in regard to borrowings (Refer note 23) (iv)Leasehold land represents land taken on finance lease for 20 years. (v) The Company has adopted carrying value as recognized in the financial statement as at 31st March, 2016, measured as per Previous GAAP as its deemed cost. Accordingly, its Net Block as on 31st March, 2016 is its Gross Block under Ind AS. Break up of the said Gross block as at 1st April, 2016 is as under:

Particulars	Gross Block	Ind AS Adjustment/ Reclassification	Accumulated Depreciation / Amortisation	Ind AS Adjustment/ Reclassification	Net Block
			As at 1st April, 2016		
Land - Freehold	91.17	-	-	-	91.17
Buildings	1,999.45	-	530.08	-	1,469.37
Plant and Equipment	17,602.25	(2,238.28)	6,885.74	(6.27)	8,484.50
Computers	133.52	(8.00)	67.54	(1.22)	59.20
Furniture and Fixtures	54.71	-	29.54	-	25.17
Vehicles	150.16	-	92.11	-	58.05
Office Equipment	44.02	-	32.70	-	11.32
	20,075.29	**(2,246.28)**	**7,637.72**	**(7.49)**	**10,198.77**

Notes to Financial Statement for the year ended 31st March, 2018

(Rs. in Lakhs)

	As At 31st March 2018	As At 31st March 2017	As AT 1st April 2016
Note 4B Capital work in progress			
Capital work in progress	322.98	-	-
	322.98	-	-

	Investment Property
Note 5 Investment property	
Gross Block	
Deemed cost as at 1st April, 2016	**1,649.18**
Additions	4.98
Deletions	(73.53)
Balance as at 31st March, 2017	**1,580.62**
Additions	3.61
Deletions/Transfers	(1,584.24)
Balance as at 31st March, 2018	**-**
Accumulated Depreciation	
Balance as at 1st April, 2016	-
Additions	-
Deletions	-
Balance as at 31st March, 2017	-
Additions	-
Deletions	-
Balance as at 31st March, 2018	-
Net block as at 1st April, 2016	**1,649.18**
Net block as at 31st March, 2017	**1,580.62**
Net block as at 31st March, 2018	**-**

Note:

(i) The fair value of the Company's investment property is Rs. Nil (as at 31st March, 2017: Rs. 1,580.62 lakhs and as at 1st April, 2016: Rs. 1,649.18 lakhs.

(ii) Charge has been created over investment property of the company in regard to borrowings (Refer note 23)

(iii) The Company has adopted carrying value as recognized in the financial statement as at 31st March, 2016, measured as per Previous GAAP as its deemed cost. Accordingly, its Net Block as on 31st March, 2016 is its Gross Block under Ind AS. Break up of the said Gross block as at 1st April, 2016 is as under:

Particulars	Gross Block	Ind AS Adjustment/ Reclassification	Accumulated Depreciation / Amortisation	Ind AS Adjustment/ Reclassification	Net Block
			As at 1st April, 2016		
Investment in Land at Dadra, Union Territory of Dadra & Nagar Haveli, India	-	1,649.18	-	-	1,649.18
	-	**1,649.18**	-	-	**1,649.18**

(Rs. in Lakhs)

	Service concession arrangement	Software	Total
Note 6 Intangible assets			
Gross Block			
Deemed cost as at 1st April, 2016	2,232.02	6.78	2,238.80
Additions	-	8.25	8.25
Deletions	-	-	-
Balance as at 31st March, 2017	**2,232.02**	**15.03**	**2,247.05**
Additions	-	7.33	7.33
Deletions/Transfers	-	-	-
Balance as at 31st March, 2018	**2,232.02**	**22.36**	**2,254.37**
Accumulated Depreciation			
Balance as at 1st April, 2016	-	-	-
Additions	96.65	5.58	102.23
Deletions	-	-	-
Balance as at 31st March, 2017	**96.65**	**5.58**	**102.23**
Additions	96.65	5.73	102.38
Deletions			
Balance as at 31st March, 2018	**193.31**	**11.31**	**204.61**
Net block as at 1st April, 2016	**2,232.02**	**6.78**	**2,238.80**
Net block as at 31st March, 2017	**2,135.36**	**9.45**	**2,144.81**
Net block as at 31st March, 2018	**2,038.71**	**11.05**	**2,049.76**

Note:

The Company has adopted carrying value as recognized in the financial statement as at 31st March, 2016, measured as per Previous GAAP as its deemed cost. Accordingly, its Net Block as on 31st March, 2016 is its Gross Block under Ind AS. Break up of the said Gross block as at 1st April, 2016 is as under:

Particulars	Gross Block	Ind AS Adjustment/ Reclassification	Accumulated Amortisation	Ind AS Adjustment/ Reclassification	Net Block
			As at 1st April, 2016		
Service concession arrangement	-	2,238.28	6.27	-	2,232.02
Software	-	8.00	1.22	-	6.78
	-	**2,246.28**	**7.49**	**-**	**2,238.80**

"No matter how you define success, you will need to be resilient, empowered, authentic, and limber to get there."

- Joanie Connell

Notes to Financial Statement for the year ended 31st March, 2018

(Rs. in Lakhs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 7 Investments in Subsidiaries			
Investments in Equity shares at cost (fully paid)			
Unquoted			
4,35,000 (31st March, 2017: 4,35,000 , 1st April, 2016: 4,35,000)			
Shares of USD 1.00 each of Sarla Overseas Holdings Limited	183.22	183.22	183.22
9,89,000 (31st March, 2017: 9,89,000, 1st April, 2016: 9,89,000)			596.50
Shares of USD 1.00 each of Sarlaflex Inc USA	596.50	596.50	
TOTAL	**779.72**	**779.72**	**779.72**
Aggregate amount of quoted investments	-	-	-
Aggregate amount of unquoted investments	**779.72**	**779.72**	**779.72**
Aggregate amount of impairment in value of investments	-	-	-

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 8 Non current financial assets - Investments			
Unquoted			
Investments in preference shares at FVTPL (fully paid)	500.00	500.00	500.00
Investments in units of mutual fund at FVTPL (fully paid)	354.79	327.01	301.03
Investments in debentures at amortised cost (fully paid)	109.43	99.94	-
TOTAL	**964.22**	**926.95**	**801.03**
Aggregate value of quoted investments	-	-	-
Aggregate value of unquoted investments	964.22	926.95	801.03
Aggregate amount of impairment in the value of investments	-	-	-

Note:

Mutual funds of Rs. 354.79 lakhs (as at 31st March, 2017: Rs. 327.01 lakhs and as at 1st April, 2016: Rs. 301.03 lakhs) are hypothecated against ECB Term Loan from Standard Chartered Bank. (Refer note 23)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 9 Non-current financial assets - Loans			
Unsecured, considered good unless stated otherwise			
Security deposits (refer note (i))	654.50	732.89	366.28
Other loans and advance (refer note (ii))	7,369.04	6,318.67	5,628.11
TOTAL	**8,023.54**	**7,051.56**	**5,994.39**

Note:

(i) Security deposits of Rs. Nil (as at 31st March, 2017: Rs. 250 lakhs and as at 1st April, 2016: Rs. 250 lakhs) is given to related party (Refer note 45)

(ii) Other loans and advance includes loan amount Rs. 7,369.04 lakhs (as at 31st March, 2017: Rs. 6,318.67 lakhs and 1st April, 2016: Rs. 5,628.11 lakhs) is given to related party (Refer note 45)

(Rs. in Lakhs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 10 Non-current financial asset - Others			
Fixed deposits with remaining maturity for more than 12 months	1,773.53	289.57	396.12
Interest Receivable	313.69	154.44	14.96
TOTAL	**2,087.22**	**444.01**	**411.08**

Note:

Fixed Deposits of Rs 1,773.53 lakhs (As at 31st March, 2017 Rs. 279.75 lakhs and as at 1st April, 2016 Rs. 297.82 lakhs) pledged as margin money deposit for facilities from Banks.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 11 Non current Tax Assets (Net)			
Taxes paid in advance (Net of Provision for tax)	52.75	115.88	207.24
TOTAL	**52.75**	**115.88**	**207.24**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 12 Other Non-Current Assets			
Unsecured, considered good unless stated otherwise			
Capital Advances	102.35	201.93	163.13
Security Deposits with government authorities	76.62	76.56	53.68
Advance Lease rental	1.76	16.20	38.04
TOTAL	**180.73**	**294.69**	**254.85**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 13 Inventories (at lower of cost and net realisable value)			
Raw Materials	1,982.41	1,277.20	1,552.28
Work-In -Progress	768.82	1,261.24	1,807.61
Finished goods	1,232.01	1,418.12	1,587.56
Stores and Spares	99.93	90.83	57.65
Oil & lubricants	48.18	84.38	52.59
Power & Fuel	10.47	12.53	2.49
Packing Materials	83.37	72.05	70.65
TOTAL	**4,225.19**	**4,216.35**	**5,130.83**

Note:

Inventories of Rs. 4,225.19 lakhs (as at 31st March, 2017: Rs. 4,216.35 lakhs and as at 1st April, 2016: Rs. 5,130.83 lakhs) are hypothecated against working capital facilities from banks. (Refer note 28)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 14 Investments			
Quoted			
Investments in Equity shares at FVTPL (fully paid)	124.82	-	24.08
		-	
TOTAL	**124.82**	-	**24.08**
Aggregate value of quoted investments and market value thereof	**124.82**	-	24.08
Aggregate amount of unquoted investments	**-**	**-**	-
Aggregate amount of impairment in value of investments	**-**	-	-

(Rs. in Lakhs)

Note:

Investments of Rs. 124.82 lakhs (as at 31st March, 2017: Rs. Nil and as at 1st April, 2016: Rs. 24.08 lakhs) are hypothecated against working capital facilities from banks. (Refer note 28)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 15 Trade Receivables			
Unsecured, considered good unless stated otherwise			
Trade receivables	6,878.54	6,499.62	5,078.65
Allowance as per Expected credit loss model	(3.28)	(17.96)	(17.82)
TOTAL	**6,875.26**	**6,481.66**	**5,060.83**

Note:

(i) Trade receivable includes Rs. 488.41 lakhs (As at 31st March, 2017: Rs. 617.54 lakhs , As at 1st April, 2016: Rs. 468.31 lakhs), receivable from two subsidiaries.

(ii) Trade Receivables of Rs. 6,875.27 lakhs (as at 31st March, 2017: Rs. 6,481.67 lakhs and as at 1st April, 2016: Rs. 5,060.84 lakhs) are hypothecated against working capital facilities from banks. (Refer note 28)

(iii) Movement in the expected credit loss allowance

	As at 31st March 2018	As at 1st April 2016
Balance at the beginning of the year	17.96	17.82
Provision made during the year	(14.68)	0.14
Balance at the end of the year	**3.28**	**17.96**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 16 Cash & cash equivalents			
Cash and Cash Equivalents			
Balances with Banks	1,044.26	514.48	335.15
Cash on Hand	8.63	9.60	13.37
Cheques on hand (Since deposited)	222.83	-	-
Demand deposits with Banks with original maturity of less than three months	4.13	-	-
TOTAL	**1,279.85**	**524.08**	**348.52**

Note:

Demand Deposits of Rs. 4.13 lakhs (As at 31st March, 2017 Rs. Nil and as at 1st April, 2016 Rs. Nil) pledged as margin money deposit for facilities from Banks.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 17 Bank balances other than Cash & Cash equivalents			
Balance in unpaid dividend account	47.22	41.83	65.92
Fixed deposits with remaining maturity for less than 12 months	2,863.57	6,357.56	9,057.90
TOTAL	**2,910.79**	**6,399.39**	**9,123.82**

Note:

Fixed Deposit of Rs. 2,389.88 lakhs (As at 31st March, 2017 Rs. 3,594.44 lakhs and as at 1st April, 2016 Rs. 2,530.46 lakhs) pledged as margin money deposit for facilities from Banks.

(Rs. in Lakhs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 18 Loans			
Unsecured, considered good			
Others			
Loans to Staff	23.12	26.51	16.29
TOTAL	**23.12**	**26.51**	**16.29**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 19 Other financial assets			
Interest Receivable	37.19	232.11	346.92
Other Receivables	6.00	-	-
Derivative financial assets	-	480.77	56.13
TOTAL	**43.19**	**712.88**	**403.05**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 20 Other Current Assets			
Advances to Suppliers (For Raw Materials and expenses)	142.04	104.13	341.26
Balances with government authorities	795.30	145.56	225.39
Export incentives receivables	77.56	186.51	69.23
Prepaid Expenses	35.58	23.65	31.64
Other Advances			
Salary Advances	-	1.75	7.27
Others	-	1.84	4.05
TOTAL	**1,050.48**	**463.44**	**678.84**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Equity			
Note 21 Equity Share Capital			
Authorised			
100,000,000 (As at 31st March , 2017: 100,000,000 , As at 1st April, 2016 : 100,000,000) Equity Shares of Rs 1 each	1,000.00	1,000.00	1,000.00
Issued, Subscribed and Paid up			
83,503,000 (As at 31st March , 2017: 83,503,000 , As at 1st April, 2016 : 83,503,000) Equity Shares of Rs 1 each	835.03	835.03	835.03
TOTAL	**835.03**	**835.03**	**835.03**

	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Note 21.1 Reconciliation of number of equity shares :						
Opening Balance	835.03	835.03	835.03	835.03	835.03	835.03
Changes during the year	-	-	-	-	-	-
Closing Balance	**835.05**	**835.05**	**835.05**	**835.05**	**835.05**	**835.05**

(Rs. in Lakhs)

Note 21.2 Terms / Rights attached to Equity Shares

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

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

Note 21.3 During the 5 years immediately preceding the balance sheet date, there were no equity shares allotted as fully paid up pursuant to contract without payment being received in cash, no bonus shares were issued and there was no buy-back of equity shares of the Company.

Shareholders	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 21.4 Shares held by shareholders each holding more than 5% of the shares			
Hindustan Cotton Company - through its partners			
No. of Shares	111.65	211.65	211.65
Percentage	13%	25%	25%
Satidham Industries Private Limited			
No. of Shares	231.02	129.95	127.48
Percentage	28%	16%	15%
HDFC Small & Midcap Fund			
No. of Shares	34.38	74.38	74.38
Percentage	4%	9%	9%

	As At 31st March 2018	As At 31st March 2017	As At 1st April 2016
Note 22 Other Equity			
Capital reserve	182.40	182.40	1 182.40
Securities premium reserve	4,529.00	4,529.00	4,529.00
General reserve	8,274.38	8,274.38	8,274.38
Foreign currency monetary item translation difference account	9.38	18.70	(26.46)
Retained Earnings	15,850.05	12,753.60	8,994.77
TOTAL	**28,845.21**	**25,758.08**	**21,954.09**

The movement in other Equity:

	As at 31st March 2018	As at 31st March 2017
Note 22.1 Capital reserve		
Balance as at beginning of the year	182.40	182.40
Movement during the year	-	-
Balance as at end of the year	**182.40**	**182.40**

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

	As at 31st March 2018	As at 31st March 2017
Note 22.2 Securities premium reserve		
Balance as at beginning of the year	4,529.00	4,529.00
Movement during the year	-	-
Balance as at end of the year	**4,529.00**	**4,529.00**

(Rs. in Lakhs)

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

	As at 31st March 2018	As at 31st March 2017
Note 22.3 General reserve		
Balance as at beginning of the year	8,274.38	8,274.38
Movement during the year	-	-
Balance as at end of the year	**8,274.38**	**8,274.38**

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

	As at 31st March 2018	As at 31st March 2017
Note 22.4 Foreign currency monetary item translation difference account		
Balance as at beginning of the year	18.70	(26.46)
Movement during the year	(9.32)	45.16
Balance as at end of the year	**9.38**	**18.70**

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

	As at 31st March 2018	As at 31st March 2017
Note 22.5 Retained earnings		
Balance as at beginning of the year	12,753.60	8,994.77
Profit for the year	4,026.02	3,971.36
Re measurement of Net defined benefit plans (net of tax)	(11.00)	(3.76)
Dividend	(918.53)	(208.77)
Balance as at end of the year	**15,850.09**	**12,753.60**

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

	2017 -2018	2016 - 2017
Proposed dividend on equity shares not recognised		
Final dividend for the year ended Rs 1.10 per share (previous year 1.10 per share)	918.53	918.53
TOTAL	**918.53**	**918.53**

Note:

The above is subject to approval of shareholders at the ensuing annual general meeting of the Company.

(Rs. in Lakhs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 23 Non-current borrowings			
Term loans:			
Secured Loans - From Banks			
Standard Chartered Bank (Foreign Currrency Loan) (refer note (i))	-	-	78.77
DBS Bank (Foreign Currrency Loan) (refer note (ii))	-	-	132.66
Yes Bank (Rupee Term Loan) (refer note (iii))	1,500.00	1,500.00	1,500.00
Indusind Bank (Rupee term loan) (refer note)iv))	1,450.00	1,500.00	-
Standard Chartered Bank (Foreign Currency Loan) (refer note (v))	975.60	1,621.00	2,321.55
TOTAL	**3,925.60**	**4,621.00**	**4,032.98**

Note:

Nature of security	Terms of repayment
(i) Exclusive charge on wind turbine generator financed and situated at Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat and personal guarantee of managing director	Term loan of USD 19,00,000 is repayable in 16 equal quarterly installment of USD 1,18,750 each till June 2017)
(ii) Exclusive charge on wind turbine generator financed and situated at Sangli Dist. Maharashtra and personal guarantee of managing director	Term loan of USD 30,00,000 is repayable in 15 equal quarterly installment of USD 2,00,000 each till June 2017
(iii) Lien on Fixed Deposits of Rs. 1,500 lakhs with Yes Bank Ltd	Term loan of Rs.1,500 lakhs is bullet repayment after 60 months (Date: 10th March, 2021)
(iv) Lien on Fixed Deposits of Rs. 1,500 lakhs with Indusind Bank Ltd	Term loan of Rs.1,500 lakhs is repayable Every year payment of Rs.50 lakhs from 1st to 4th year end and balance of Rs. 1300 lakhs in 5th year. Repayment starting from May 2017 .
(v) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Lien on marketable securities of INR 187.6 lakhs in the form of debt mutual funds."	Term loan of USD 40,00,000 is repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 24 Other financial liabilities			
Security deposits payable	1.00	1.00	1.00
TOTAL	**1.00**	**1.00**	**1.00**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 25 Provisions			
Provision for employee benefits			
Gratuity (Refer note 44)	92.39	-	-
		-	-
TOTAL	**92.39**	-	-

(Rs. in Lakhs)

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 26 Tax Expense And Deferred Tax Liabilities (Net)		
(a) Amounts recognized in profit and loss		
Current tax expense (A)		
In respect of current year	1,505.00	1,200.10
	1,505.00	1,200.10
Deferred tax expense (B)		
In respect of current year	362.83	879.93
	362.83	**879.93**
Mat credit entitlement (C)	**(145.39)**	**(492.70)**
Adjustments for earlier years (D)	**182.22**	**-**
Tax expense recognized in the income statement (A+B+C+D)	**1,904.66**	**1,587.33**

b) Amounts recognized in other comprehensive income

	For the year ended 31st March, 2018			'For the year ended 31st March, 2017		
	Before Tax	Tax (Expense) benefit	'Net of tax	Before Tax	Tax (Expense) benefit	'Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of the defined benefit plans	(16.91)	5.91	(11.00)	(3.76)	--	(3.76)
	(16.91)	**5.91**	**(11.00)**	**(3.76)**	**--**	**(3.76)**

(c) Reconciliation of effective tax rate

	For the year ended 31st March, 2018		'For the year ended 31st March, 2017	
	%	Amounts	%	Amounts
Profit before Tax		**5,930.64**		**5,558.69**
Tax using the Company's domestic tax rate	34.61%	2,052.49	34.61%	1,923.75
Tax effect of:				
Disallowable expenses	0.50%	29.54	0.41%	22.57
Income / Expenses not considered in Income Tax Act	-0.89%	(53.01)	-	-
Investment allowances	0.00%	-	-4.09%	(227.61)
Tax-exempt income	-0.05%	(3.01)	-0.05%	(2.65)
Tax holidays and similar exemptions	-1.11%	(65.58)	-1.44%	(80.12)
Tax paid at lower rate	-4.19%	(248.70)	-0.65%	(36.40)
Other non deductible differences	2.63%	156.10	-0.22%	(12.21)
	31.50%	**1,867.83**	**28.56%**	**1,587.33**
Mat credit entitlement	-2.45%	(145.39)	-	-
Adjustments for earlier years	3.07%	182.22	-	-
Effective income tax rate	**32.12%**	**1,904.66**	**28.56%**	**1,587.33**

"We make the choice . . . and then the choice makes us"

- Jaco Strydom

(Rs. in Lakhs)

(d) Movement in deferred tax

	Net balance April 1, 2017	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	As at 31st March, 2018 Net	Deferred tax asset	Deferred tax liability
Deferred tax (Asset)/Liabilities							
Property, plant and equipment	(2,788.55)	(455.17)	-	-	(3,243.72)	-	(3,243.72)
Fair valuation of Mutual Funds	(9.35)	(9.71)	-	-	(19.06)	-	(19.06)
Fair valuation of loan given to	(61.10)	61.10	-	-	-	-	-
subsidiary				-			-
Employee benefits	-	39.92	5.91	-	45.83	45.83	
Fair valuation of Equity shares	-	3.43	-		3.43	3.43	
Amortisation of Foreign currency	(2.69)	3.28		-	0.59	0.59	-
monetary item translation			-				
difference account							-
Fair valuation of Security Deposits	0.69	(0.61)	-	-	0.08	0.08	-
Allowance for expected credit losses	6.21	(5.07)	-	-	1.14	1.14	-
	(2,854.78)	**(362.83)**	**5.91**	**-**	**(3,211.70)**	**51.08**	**(3,262.78)**
MAT credit entitlementLess:	492.70	145.39	-	-	638.08	638.08	
MAT credit utilised	-	-	-	-	(226.63)	(226.63)	
Tax assets (Liabilities)	**(2,362.08)**	**(217.44)**	**5.91**	**-**	**(2,800.24)**	**462.54**	**(3,262.78)**

	Net balance April 1, 2016	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	As at 31st March, 2017 Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Property, plant and equipment	(1,877.41)	(911.14)	-	-	(2,788.55)	-	(2,788.55)
Fair valuation of Mutual Funds	(0.36)	(8.99)	-	-	(9.35)	-	(9.35)
Fair valuation of loan given	(118.16)	57.06	-	-	(61.10)	-	(61.10)
to subsidiary							
Fair valuation of Equity shares	1.43	(1.43)	-	-	-	-	-
Fair valuation of derivatives	21.44	(21.44)	-	-	-	-	-
Amortisation of Foreign currency	(9.16)	6.47	-	-	(2.69)	-	(2.69)
monetary item translation							
difference account			-	-	-	-	
Fair valuation of Security Deposits	1.20	(0.51)			0.69	0.69	-
Allowance for expected credit losses	6.17	0.05	-	-	6.21	6.21	-
	(1,974.85)	**(879.93)**	-	-	**(2,854.78)**	**6.90**	**(2,861.68)**
MAT credit entitlement	**-**	492.70	-	-	492.70	492.70	
Tax assets (Liabilities)	**(1,974.85)**	**(387.24)**	-	-	**(2,362.08)**	**499.60**	**(2,861.68)**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 27 Other non-current liabilities			
Deferred income arising from government grants	5.93	6.71	7.49
TOTAL	**5.93**	**6.71**	**7.49**

Note:

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

(Rs. in Lakhs)

	As At 31st March 2018	As At 31st March 2017	As At 1st April 2016
Note 28 Borrowings			
Loans Repayable on Demand - From Banks			
Secured			
Packing Credit	5,416.31	4,540.23	6,678.65
(refer note no. (i),(ii),(iii) & (iv))			
Foreign Bill Discounting	210.63	2,445.02	2,353.53
(refer note no. (iv))			
Buyer's Credit	818.74	221.26	201.39
(refer note no. (i),(iii) & (iv))			
Overdraft account	-	980.00	-
(refer note no. (i))			
TOTAL	**6,445.68**	**8,186.51**	**9,233.57**

Note:

TERM OF REPAYMENT AND SECURITIES FOR CURRENT BORROWINGS

All the working capital facilities are secured against:

i) First pari passu charge on entire current assets of the Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.

ii) Second pari passu charge on the entire Movable fixed assets, excluding the movable fixed assets situated or kept at unit no. 1, of the Company.(save and except for vehicles)

iii) Second pari passu charge on immovable fixed assets of the Company situated at silvassa plant unit II bearing survey no. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Amli, Silvassa Union Territory of Dadra & Nagar Haveli.

iv) The facilities are further secured by personal guarantee of Managing Director

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 29 Trade payables			
Dues to Micro, Small and Medium enterprises			-
Others	1,072.48	1,000.85	689.20
TOTAL	**1,072.48**	**1,000.85**	**689.20**

Note:

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

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Principal amount due and remaining unpaid			
Interest due and unpaid on the above amount			
Interest paid by the Company in terms of section 16 of the Micro, Small	-	-	-
and Medium enterprises Act, 2006	-	-	-
Payment made beyond the appointed day during the year	-	-	-
Interest due and payable for the period of delay	-	-	-
Interest accrued and remaining unpaid	-	-	-
Amount of further interest remaining due and payable	-	-	-
TOTAL	-	-	-

Notes to Financial Statement for the year ended 31st March, 2018

(Rs. in Lakhs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 30 Other financial liabilities			
Current maturities of long term debts	650.40	1,017.18	1,177.36
Creditors for Capital goods	1,532.61	2,766.58	1,951.69
Unpaid dividend (refer note (i) & (ii))	47.22	41.83	65.91
Salaries , wages & other payable	30.99	30.47	10.39
Book overdraft	834.88	762.90	-
Derivative financial liabilities	49.11	-	-
Others	457.20	339.30	539.23
TOTAL	**3,602.41**	**4,958.26**	**3,744.58**

Note:

(i) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Act, as at the year end.

(ii) Amount of Rs. 4.17 lakhs (As at 31st March, 2017: Rs. 5.41 lakhs) is transferred to Investor Education and Protection Fund during the year.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 31 Other current liabilities			
Deferred income arising from government grants	0.78	0.78	0.78
Statutory dues	34.21	228.91	176.56
Advance from customers	71.79	234.42	28.83
Advance against investment property	-	554.25	553.25
TOTAL	**106.78**	**1,018.36**	**759.42**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 32 Provisions			
Provision for employee benefits (Refer note 44)			
Gratuity	10.32	65.88	78.52
Leave Encashment	13.85	1.86	3.68
Bonus	14.59	11.17	6.91
TOTAL	**38.76**	**78.91**	**89.11**

	As At 31st March 2018	As At 31st March 2017	As At 1st April 2016
Note 33 Current Tax Liabilities			
Provision for Tax (Net of Taxes paid in advance)	87.98	-	-
TOTAL	**87.98**	-	-

	For the Year Ended 31st March 2018	For the Year Ended 31st March 2017
Note 34 Revenue From Operations		
Sale of Products/ Services	27,400.43	26,675.84
Other Operating Revenues	464.10	993.41
Revenue from operations	**27,864.53**	**27,669.25**

(Rs. in Lakhs)

Note:

In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the pervious year ended 31st March 2017 and for the period 1st April to 30 June 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/Sales Tax. Excise Duty was reported as a separate expenses line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of Sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under the pre-GST structure of indirect taxes. With the change in structure of indirect taxes, expenses are also being reported net of taxes. Accordingly, Financial Statements for the year ended 31st March 2018 and in particular, Sales, absolute expenses, elements of Working Capital (Inventories, Trade payable, other current assets/current liabilities etc.) and ratios in percentage of sales, are thus not comparable with the figures of the pervious year.

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 35 Other Income		
a) Interest income		
Instruments measured at amortised costs		
- on fixed deposits with bank	374.65	820.19
- others	16.21	28.60
b) Dividend Income		
- Dividend Income from Current investments at FVTPL	8.69	7.68
- Dividend Income from non current investments in Subsidiaries	919.56	210.38
c) Other non-operating Income (Net of expenses directly attributable to such income)		-
- Gain on disposal of investment property	840.96	-
- Gain on disposal of property, plant and equipment	75.12	
- Gain on sale of current investments	27.21	15.53
- Fair Valuation gain on Investments	8.15	25.97
- Fair Valuation gain on derivatives	-	61.96
- Gain or loss on foreign currency transaction and translation (net)	78.53	476.16
- Government grants - Deferred Income (Refer note)	0.78	0.78
- Provision for doubtful receivables written back	14.68	-
- Miscellaneous Income	2.08	24.21
TOTAL	**2,366.62**	**1,671.46**

Note:

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

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 36 Cost of material consumed		
Inventories at the beginning of the year	1,277.20	1,552.28
Purchases	13,777.99	10,779.84
Inventories at the end of the year	(1,982.41)	(1,277.20)
TOTAL	**13,072.78**	**11,054.92**

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 37 Purchase of stock-in-trade		
Purchase of cotton bales	-	57.07
TOTAL	**-**	**57.07**

Notes to Financial Statement for the year ended 31st March, 2018

(Rs. in Lakhs)

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 38 Changes in inventories of finished goods and work in progress		
Closing inventories		
Work-in-progress	768.82	1,261.24
Finished goods	1,232.01	1,418.12
Opening inventories		
Work-in-progress	1,261.24	1,807.61
Finished goods	1,418.12	1,587.56
TOTAL	**678.53**	**715.81**

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 39 Employee benefits expense		
Salaries and wages, bonus etc.	894.48	817.13
Contribution to provident and other funds	77.42	61.55
Staff welfare expenses	35.87	44.62
TOTAL	**1,007.77**	**923.30**

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 40 Finance costs		
a) Interest on financial liabilities carried at amortised cost		
Interest on borrowings	319.84	277.22
Exchanges differences regarded as an adjustment to borrowing costs	64.44	
Interest expense on security deposits	14.44	27.12
b) Other interest cost		-
Interest on Income tax	10.79	
c) Other borrowing costs	208.67	197.80
TOTAL	**618.18**	**502.14**

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 41 Depreciation and amortisation expenses		
Depreciation on property, plant and equipment	1,214.66	1,141.32
Amortisation of intangible assets	102.38	102.23
TOTAL	**1,317.04**	**1,243.55**

(Rs. in Lakhs)

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 42 Other expenses		
Consumption of stores and spare parts	330.34	423.63
Power and fuel	1,275.19	1,400.64
Consumption of packing materials	1,280.70	1,149.55
Consumption of oils and chemicals	401.17	476.93
Labour charges	1,469.30	1,282.70
Repairs and Maintenance:		
- Building	43.25	63.06
- Machinery	67.95	104.55
- Others	46.10	61.34
Excise duty expenses	426.06	2,202.10
Water, waste and effulient treatment charges	58.74	63.59
Rent	15.87	24.06
Insurance	29.37	32.23
Director sitting fees	2.00	2.00
Legal, professional and consultancy charges	131.69	106.94
Bank charges	94.50	104.09
Fair Valuation loss on derivatives	49.11	-
Corporate Social Responsibility Expenses	50.12	59.94
Miscellaneous expenses	428.25	481.36
Payments to auditor:		
- Audit fees	7.50	10.00
- for taxation matters	-	-
- for certification	2.18	-
- for other services	-	-
Freight and forwarding charges	904.69	797.89
Commission on sales	492.09	438.48
Provision for doubtful receivables	-	0.14
TOTAL	**7,606.21**	**9,285.22**

"There are two kinds of strength. Power and the ability to wield it is obvious, but resilience, the ability to resist power, is the other."

- Raymond E. Feist

(Rs. in Lakhs)

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 43 Earnings per share (EPS)		
Profit for the year	**4,025.98**	**3,971.36**
Equity shares outstanding at the beginning and at the end of the year - (Nos)	835.03	835.03
Nominal value of each share (in Re.)	1	1
Basic and Diluted earning per share	**4.82**	**4.76**

44 Employee benefits

A Defined Contribution plans:

The company contributes to the Government managed provident and pension fund for all qualifying employees.

Contribution to provident fund of Rs. 47.32 lakhs (31st March, 2017: Rs. 43.64 lakhs) is recognised as an expense and included in "Contribution to provident and other funds" in Statement of Profit and Loss.

B Defined benefit plans:

The Company has defined benefit plan for payment of gratuity to all qualifying employees. It is governed by the Payment of Gratuity Act, 1972. Under this Act, an employee who has completed five years of service is entitled to the specified benefits provided which depends on the employee's length of service and salary at retirement age. The Company's defined benefit plan is funded with Life Insurance Corporation (LIC).

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

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

	As at 31st March 2018	As at 31st March 2017
Reconciliation in present value of obligations (PVO)		
PVO at the beginning of the year	191.28	176.32
Interest cost	13.87	14.11
Current service cost	19.64	13.39
Benefits paid	(10.21)	(10.10)
Actuarial (Gains)/Losses	17.33	(2.44)
PVO at the end of the year	**231.91**	**191.28**

	As at 31st March 2018	As at 31st March 2017
Reconciliation of Fair value of plan assets:		
Fair value of plan assets at the beginning of the year	125.40	97.80
Adjustments:		
Return on plan assets excl. interest income	0.43	1.33
Interest income	9.09	7.82
Contributions by the employer	4.49	28.55
Benefits paid	(10.21)	(10.10)
Fair value of plan assets at the end of the year	**129.20**	**125.40**

	As at 31st March 2018	As at 31st March 2017
Net Liabilities / (Assets) recognised in the balance sheet:		
PVO of the defined benefit obligation at the end of period	231.91	191.28
Fair value of planned assets at end of year	(129.20)	(125.40)
Net liabilities / (Assets) recognised in the balance sheet	**102.71**	**65.88**

(Rs. in Lakhs)

	2017 - 2018	2016 - 2017
Amount recognised in Statement of Profit and Loss		
Current service cost	19.64	13.39
Net interest	4.78	6.28
Net charge to the statement of profit or loss	**24.42**	**19.68**

	2017 - 2018	2016 - 2017
Amount recognised in Other Comprehensive Income (OCI)		
Actuarial (Gain)/Loss recognised for the period	17.34	(2.43)
Return on plan assets excluding net interest	(0.43)	(1.33)
Recognised in OCI for the year	**16.91**	**(3.76)**

Expected Payout	2017 - 2018	2016 - 2017
Expected Outflow in 1st Year	20.54	14.45
Expected Outflow in 2nd Year	2.24	1.20
Expected Outflow in 3rd Year	13.49	15.55
Expected Outflow in 4th Year	9.45	9.42
Expected Outflow in 5th Year	12.30	9.81
Expected Outflow in 6th to 10th Year	128.92	134.14

The average duration of the defined benefit plan obligations at the end of reporting period is 39 years.

Major category of plan assets as a % of total plan

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

Sensitivity analysis

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

	As at 31st March 2018	As at 31st March 2017
Impact on present value of defined benefit obligation:		
If discount rate is increased by 1%	(19.27)	(12.74)
If discount rate is decreased by 1%	22.63	24.81
If salary escalation rate is increased by 1%	21.37	23.54
If salary escalation rate is decreased by 1%	(18.51)	(11.93)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

Principal Actuarial Assumptions	As at 31st March 2018	As at 31st March 2017
Discount Rate	7.75%	7.25%
Expected return on plan assets	9.46	9.15
Expected rate of salary increase	8.50%	8.50%
Employee attrition rate	1.00%	1.00%
Mortality	Indian Assured Lives (2006-08)	Indian Assured Lives (2006-08)

(Rs. in Lakhs)

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. These plans typically expose the company to actuarial risks such as Interest rate risk and salary risk

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

(b) Salary risk: the present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, a variation in the expected rate of salary increase of the plan participants will change the plan liability.

C Other short term and long term employment benefits

Short term leave

The liability towards compensated absences (annual and short term leave) for the year ended 31 March 2018 of Rs. 13.85 lakhs (31 March 2017: Rs. 1.86 lakhs), is included in the 'Employee benefits expense' in the Statement of Profit and Loss.

Note 45 Related party disclosures

1 Relationships

(a) Subsidiaries

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

(b) Fellow subsidiary

Sarla Europe, Lda - Step down Subsidiary Company

(c) Joint Ventures of Subsidiary

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

(d) Entities in which Directors are interested

Satidham Industries Private Limited.
Hindustan Cotton Company.

(e) Key Managerial Personnel

(i) Executive Director

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

(ii) Non Executive Director

Arun Vaid - Independent and Non Executive Director (Till 12th December, 2017)
Shreya Desai - Independent and Non Executive Director (From 12th December, 2017)
Parantap Dave - Independent and Non Executive Director
Neha Jhunjhunwala - Non Executive Director
Jigar A Shah - Independent and Non Executive Director

2. Details of transactions with above related parties

Nature of Transaction	Subsidiaries		Fellow subsidiary		Entities controlled by Key Managerial Personnel		Key Managerial Personnel	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
(a) Rent paid Hindustan Cotton Company	--	--	--	--	--	6.00	–	--
(b) Unsecured Loan Given Sarla Flex Inc	1050.37	690.55	--	--	--	--	--	--
(c) Remuneration * Madhusudan Jhunjhunwala - Chairman	--	--	--	--	--	--	138.00	147.00
Krishna Jhunjhunwala - Managing Director	--	--	--	--	--	--	138.00	132.00
(d) Sitting Fees Arun Vaid - Independent & Non Executive Director	--	--	--	--	--	--	--	0.10

(Rs. in Lakhs)

Nature of Transaction	Subsidiaries subsidiary		Fellow subsidiary		Entities controlled by Key Managerial Personnel		Key Managerial Personnel	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Shreya Desai - Independent & Non Executive Director	--	--	--	--	--	--	0.20	--
Parantap Dave - Independent and Non Executive Director	--	--	--	--	--	--	0.80	0.70
Neha Jhunjhunwala - Non Executive Director	–	--	--	--	--	--	0.20	0.50
Jigar A Shah - Independent & Non Executive Director	–	--	--	--	--	--	0.80	0.70
(e) Commission paid								
Sarla Europe, Lda	152.73	82.32	--	--	--	--	--	--
(f) Sale of Goods								
Sarla Overseas Holding Limited	2,887.03	3352.18	--	--	--	--	--	--
SarlaFlex Inc	109.92	276.84	--	--	--	--	--	--
Sarla Europe, Lda	--	--	3.29	--	--	--	--	--
(g) Dividend Received								
Sarla Overseas Holding Limited	919.56	210.38		--	--	--	--	--
(h) Security deposits repaid								
Hindustan Cotton Company	--	--	--	--	250.00	--	--	--
(i) Advance received towards property purchased								
Satidham Industries Private Limited	--	--	--	--	110.00	--	--	--
(j) Repayment of advance								
Satidham Industries Private Limited	--	--	--	--	110.00	--	--	--

* Managing Director's remuneration is Rs. 138 lakhs (as at 31st March, 2017: Rs. 147 lakhs) and whole time Director's remuneration is Rs. 138 lakhs (as at 31st March, 2017: Rs. 132 lakhs) is in accordance with section 197(12) of Act and Rules thereunder.

Key management personnel compensation	2017-2018	2016-2017
Short-term employee benefits	276.00	279.00
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Others (including sitting fees to non-executive directors)	2.00	2.00

(Rs. in Lakhs)

3. Balances Outstanding

Nature of Transaction	Subsidiaries		Entities controlled by Key Managerial Personnel	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
(a) Investment in Shares				
Sarla Overseas Holding Limited	183.22	183.22	--	--
Sarla Flex Inc	596.50	596.5	--	--
(b) Unsecured Loan Given				
SarlaFlex Inc	7,369.04	6,318.67	--	--
(C))Security Deposits				
Hindustan Cotton Company	--	--	--	250.00
(d) Trade Receivables				
Sarla Overseas Holding Limited	378.80	369.79	--	--
SarlaFlex Inc	109.6	247.75	--	--

Notes:

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

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

(c) No expense has been recognised for the year ended 31st March 2018 and 31st March 2017 for bad or doubtful trade receivables in respect of amounts owed by related parties.

(d) The Company has issued stand by letters of credit to banks on behalf of Sarlaflex Inc., Wholly Owned Subsidiary of USD 2.38 million (as at 31st March, 2017: USD 3.68 million, as at 1st April, 2016: USD 8.55 million) equivalent to Rs. 1544.70 lakhs (as at 31st March, 2017: Rs. 2,387.22 lakhs, as at 1st April, 2016: Rs. 5,670.55 lakhs).

Note 46 Segment information

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

Note 47.1 Contingent liabilities not provided for:

(a)Claims against the company not acknowledged as debt;

The Claims 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.1,553.01 lakhs (As at 31st March, 2017: Rs. 1,627.67 lakhs, as at 1st April, 2016: Rs. 1,196.62 lakhs).

The Differential CST liability in respect of Non Collection of C Forms of Rs. 41.50 lakhs (As at 31st March, 2017: Rs. 3,203.42 lakhs, as at 1st April, 2016: Rs. 2,604.20 lakhs).

(b) Guarantees excluding financial guarantees;

Bank Guarantees issued by Banks on behalf of the company Rs.742.71 lakhs (As at 31st March, 2017: Rs. 662.74 lakhs, as at 1st April,2016: Rs. 593.38 lakhs). These are secured by the charge created in favour of the company's bankers by way of pledge of all Fixed Deposit Receipts.

(c) Other money for which the company is contingently liable

Stand-by Letter of credit issued by Banks on behalf of Sarlaflex Inc, Wholly Owned Subsidiary of USD 2.38 million (as at 31st March, 2017: USD 3.68 million, as at 1st April, 2016: USD 8.55 million) equivalent to Rs. 1544.70 lakhs (as at 31st March, 2017: Rs. 2,387.22 lakhs, as at 1st April, 2016: Rs. 5,670.55 lakhs)

Note 47.2 Capital Commitment

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
For capital expenditures (net of advances)	863.19	-	-

(Rs. in Lakhs)

Note 48 Financial instruments

A Capital Management:

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

The capital structure of the Company consists of net debt (borrowings as detailed in notes 23, 28 and 30) and total equity of the Company.

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

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

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Non-current borrowings	3,925.60	4,621.00	4,032.98
Current maturities of non-current borrowings	650.40	1,017.18	1,177.36
Current borrowings	6,445.68	8,186.51	9,233.57
Total Debt	**11,021.68**	**13,824.69**	**14,443.91**
Equity	29,680.24	26,593.12	22,789.12
Net debt to equity ratio	**0.37**	**0.52**	**0.63**

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

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

i) Classification of Financial Assets and Liabilities:

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Financial assets			
At Amortised cost			
Investments in Debentures	109.43	99.94	
Trade receivables	6,875.27	6,481.67	5,060.83
Cash and cash equivalents	1,279.85	524.08	348.52
Bank balances other than above	2,910.79	6,399.39	9,123.82
Other financial assets	10,177.07	7,754.19	6,768.69
			24.08
At Fair value through Profit and Loss			
Investments in equity shares	124.82	-	24.08
Derivative contracts	-	480.77	56.13
Investments in preference shares	500.00	500.00	500.00
Investments in Mutual Funds	354.79	327.01	301.03
Total	**22,332.03**	**22,567.05**	**22,183.10**
Financial liabilities			
At Amortised cost			
Borrowings	10,371.28	12,807.51	13,266.55
Trade payables	1,072.48	1,000.85	689.20
Other Financial liabilities (including derivative financial liabilities)	3,603.41	4,959.26	3,745.58
Total	**15,047.18**	**18,767.62**	**17,701.33**

ii) Fair Value Measurements (Ind AS 113):

The fair value of the Financial Assets and Liabilities are included at the amount, at which instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1 :

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

Level 2:

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3:

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

FAIR VALUE	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Financial Assets at Fair Value through Profit and Loss			
Investments in equity shares (Level 1)	124.82	-	24.08
Derivative contracts (Level 2)		480.77	56.13
Investments in preference shares (Level 2)	500.00	500.00	500.00
Investments in Mutual Funds (Level 2)	354.79	327.01	301.03
Total	**979.61**	**1,307.78**	**881.24**

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

During the reporting period ending 31st March, 2018 and 31st March, 2017, there was no transfer between level 1 and level 2 fair value measurement.

Key Inputs for Level 1 and 2 Fair valuation Technique:

1. Mutual Funds : Based on Net Asset Value of the Scheme (Level 2)

2. Derivative (forward) contracts : The fair value is determined using quoted forward exchange rates at the reporting date (Level 2)

3. Preference Shares : Based on comparable instruments (Level 2)

4. Listed Equity Investments (other than Subsidiaries): Quoted Bid Price on Stock Exchange (Level 1)

Note 49 Financial risk management objectives (Ind AS 107)

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

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

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

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

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

A Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily form financial assets such as trade receivables, investments in mutual funds, preference shares, debentures, derivative financial instruments, other balances with banks, loans and other receivables.

Trade and other receivables

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

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

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

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

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
0-180 days	6,523.32	6,248.61	5,021.35
181-365 days	348.68	215.11	21.67
Above 365 days	6.54	35.90	35.63
Total	**6,878.54**	**6,499.62**	**5,078.65**

Movement in provisions of doubtful debts

	As at 31st March, 2018	As at 31st March, 2017
Balance at beginning of the year	(17.95)	(17.81)
Movement in expected credit loss allowance	14.68	(0.14)
Balance at end of the year	**(3.27)**	**(17.95)**

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in Debentures, Preference shares, mutual funds, derivative contracts and loan to subsidiary companies. The Company has diversified portfolio of investment with various number of counter parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Management of the Company.

B Liquidity risk

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

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

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

Maturity analysis of significant financial liabilities

	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
		Contractual cash flows			Contractual cash flows			Contractual cash flows	
Financial liabilities	Carrying amount	Upto 1 year	More than 1 year	Carrying amount	Upto 1 year	More than 1 year	Carrying amount	Upto 1 year	More than 1 year
Borrowings (including Current Maturities of Long-Term Debts)	11,021.68	7,096.08	3,925.60	13,824.69	9,203.69	4,621.00	14,443.90	10,410.92	4,032.98
Trade and other payables	1,072.48	1,072.48	-	1,000.85	1,000.85	-	689.20	689.20	-
Other financial liabilities (including derivative financial liabilites)	2,953.02	2,952.02	1.00	3,942.08	3,941.08	1.00	2,568.23	2,567.23	1.00
	15,047.18	**11,120.58**	**3,926.60**	**18,767.62**	**14,145.62**	**4,622.00**	**17,701.33**	**13,667.35**	**4,033.98**

C Market risk

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

I Currency Risk

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. Company's exposure is mainly denominated in U.S. dollars (USD). The USD exchange rate has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company has put in place a Financial Risk Management Policy to Identify the most effective and efficient ways of managing the currency risks. The Company uses derivative instruments (mainly foreign exchange forward contracts) to mitigate the risk of changes in foreign currency exchange rate.

The Company does not use derivative financial instruments for trading or speculative purposes.

(Rs. in Lakhs)

Exposure to currency risk

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

	As at 31st March , 2018			As at 31st March , 2017			As at 1st April, 2016		
Financial Assets	USD	GBP	EURO	USD	GBP	EURO	USD	GBP	EURO
Cash and cash equivalents	780.88	-	52.76	246.27	-	0.83	0.87	-	
Trade receivables	3,066.79	208.06	1,329.34	3,453.84	167.38	982.94	2,740.01	169.90	1,039.34
Loans	7,369.04	-	-	6,318.67	-	-	5,628.11	-	-
Other Current financial asset	-	-	-	-	-	-	-	-	
Less: Foreign currency forward exchange contracts	(1,626.00)	(184.56)	(1,156.68)	(2,334.24)	-	(2,804.63)	(1,724.58)	-	(75.09)
Net exposure for assets	**9,590.71**	**23.50**	**225.42**	**7,684.54**	**167.38**	**(1,820.84)**	**6,644.41**	**169.90**	**964.25**
Financial liabilities									
Foreign Currency Loans	1,626.00	-	-	2,638.18	-	-	3,710.33		
Short term borrowings	6,333.46	137.05	-	6,069.29	53.23	558.78	8,019.65	140.41	1,073.57
Trade and other payables	1,124.13	-	64.07	885.11	-	40.96	788.02	3.71	69.22
Other Current financial liabilities	-	-	-	-	-	-	-	-	-
Less: Foreign currency forward exchange contracts	(130.08)	-	-	(738.90)	-	-	-	-	-
Net exposure for liabilities	**8,953.51**	**137.05**	**64.07**	**8,853.68**	**53.23**	**599.74**	**12,518.00**	**144.12**	**1,142.79**
Net exposure (Assets - Liabilities)	**637.20**	**(113.55)**	**161.35**	**(1,169.14)**	**114.15**	**(2,420.58)**	**(5,873.59)**	**25.78**	**(178.55)**

Sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the net exposure outstanding on receivables or payables in the Company at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% charge in foreign currency rate. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Company's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

Impact on profit or loss	**Increase in Exchange rate by 5%**			**Decrease in Exchange rate by 5%**		
Movement in currency (Before tax)	**For the year ended 31st March, 2018**	**For the year ended 31st March, 2017**	**For the year ended 31st March, 2016**	**For the year ended 31st March, 2018**	**For the year ended 31st March, 2017**	**For the year ended 31st March, 2016**
USD	31.86	(58.46)	(293.68)	(31.86)	58.46	293.68
GBP	(5.68)	5.71	1.29	5.68	(5.71)	(1.29)
EURO	8.07	(121.03)	(8.93)	(8.07)	121.03	8.93

Interest Rate Risk

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

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

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

(Rs. in Lakhs)

Interest Rate Exposure:

	For the year ended 31st March, 2018	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Term loans - long term			
Floating Rate Borrowings	1,626.00	2,638.18	3,498.91
Fixed Rate Borrowings	2,950.00	3,000.00	1,711.43
Short term borrowings	6,445.68	8,186.51	9,233.57
	11,021.68	**13,824.69**	**14,443.90**

Interest rate sensitivities for floating rate borrowings :	**Increase in Interest rate by 0.25%**			**Decrease in Interest rate by 0.25%**		
Movement in Rate	**For the year ended 31st March, 2018**	**For the year ended 31st March, 2017**	**For the year ended 31st March, 2016**	**For the year ended 31st March, 2018**	**For the year ended 31st March, 2017**	**For the year ended 31st March, 2016**
Term loans - long term	4.07	6.60	8.75	(4.07)	(6.60)	(8.75)
Short term borrowings	16.11	20.47	23.08	(16.11)	(20.47)	(23.08)

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

Note 50 CSR Expenditure

a) Gross amount required to be spent by the Company during the year – Rs. 97.14 lakhs (31st March, 2017: Rs. 87.03 lakhs)

b) Amount spent during the year

Interest rate sensitivities for floating rate borrowings :	**For the year ended 31st March, 2018**			**For the year ended 31st March, 2017**		
	Paid before the year end	**Yet to be paid**	**Total**	**Paid before the year end**	**Yet to be paid**	**Total**
Amount spent during the year -	50.12	40.27	97.14	59.94	27.09	87.03
Expenditure on Corporate Social Responsibility						

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

Note 51 (a) Advance(s) in the nature of Loan (Regulation 34 of Listing Obligations & Disclosure Requirements)

	Relationship	**31.03.2018**	**31.03.2017**	**01.04.2016**
Name of the loanee - Sarlaflex Inc.	Wholly owned Subsidiary			
In respect of Inter Corporate Deposits				
Amount as at year end		7,369.04	6,318.67	5,628.11
Maximum amount outstanding		7,369.04	6,349.94	7,091.65

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

Name of the Party	**Nature**	**Amount (Rs. in Lakhs)**	**Purpose**
Sarla Overseas Holding Ltd	Investments in Equity Shares	183.22	Capital Investment
Sarlaflex Inc	Investments in Equity Shares	596.50	Capital Investment
Sarlaflex Inc	Inter - Corporate Loans	7,369.04	Capital Expenditure and Working Capital
Sarlaflex Inc	Letter of credit issued by banks	1,544.70	Working Capital

Note 52 Leases

A) Operating lease:

The Company procures on lease office premises under operating leases. These rentals recognized in the Statement of Profit and Loss Account for the year is Rs. 15.87 lakhs (31st March, 2017: Rs. 24.06 lakhs). The said lease is renewable at the option of the lessor & lessee. The deposit paid in respect of the same is Rs. Nil (as at 31st March, 2017: 250 lakhs, as at 1st April, 2016: 250 lakhs). The future minimum lease payments and payment profile of cancellable operating leases are as under:

(Rs. in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Not later than one year	19.92	19.92	6.00
Later than one year but not later than five years	9.30	29.22	-
More than five years	-	-	-
Total	**29.22**	**49.14**	**6.00**

Note 53 Service Concession Arrangements

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

The Company in turn has a right to charge the Regulator at the agreed rate as stated in the service concession arrangement. The fair value towards the construction of the Plant has been recognised as an Intangible Asset and is amortized over the useful life of the asset or period of contract whichever is less.

The Company has recognised an intangible asset of Rs.2232.02 lakhs as at 31st March, 2018 (31st March 2017: 2232.02 lakhs and 1st April 2016: 2232.02 lakhs) of which 96.65 Lakhs (Previous year 96.65 lakhs) has been amortized during the respective periods.

Note 54 The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in “Foreign Currency Monetary Item Translation Difference Account” and amortized over the balance period of the liability. For the current financial year, the impact on account of above (net of depreciation and amortization) is decrease in profit before tax of Rs. 4.69 lakhs (in Previous year Rs. 6.23 lakhs). The net gain remaining unamortized under Foreign Currency Monetary Item Translation Difference Account as at 31st March 2018 is Rs. 9.38 lakhs (net gain as at 31st March 2017 Rs. 18.70 lakhs and net loss of Rs. 26.46 lakhs as at 1st April 2016). (Also refer note 4A(i).

Note 55 Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Generally Accepted Accounting Principles in India (Indian GAAP) as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the 'Previous GAAP'.

The Significant Accounting Policies set out in Note No. 2 have been applied in preparing the financial statements for the year ended 31st March 2018, 31st March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1st April 2016.

In preparing its Ind AS Balance Sheet as at 1st April 2016 and in presenting the comparative information for the year ended 31st March 2017, the Company has adjusted amounts previously reported in the financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

I Explanation of transition to Ind AS

In preparing the financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A Optional Exemptions availed

I Deemed cost for property, plant and equipment, investment property and intangible assets:The Company has elected to measure all its property, plant and equipment and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

ii Investments in Subsidiaries

The Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

iii Service Concession Arrangement

The Company has elected to use the exemption available under Ind AS 101 to continue the carrying value as per Previous GAAP for all of its intangible assets under the service concession arrangements.

iv Long Term Foreign Currency Monetary Items

The Company has elected to continue the policy adopted under Previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance period of the liability.

B Mandatory Exceptions

I Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

ii Derecognition of financial assets and financial liabilities

Derecognition of financial assets and liabilities as required by Ind AS 109 is applied prospectively i.e. after the transition date.

iii Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

"Make every detail perfect and limit the number of details to perfect."

- Jack Dorsey

Notes to Financial Statement for the year ended 31st March, 2018

(Rs. in Lakhs)

II Reconciliation of Balance Sheet as at 1st April, 2016 and 31st March, 2017

	Notes	As at 31st March, 2017 (End of the last period presented under previous GAAP)			As at 1st April, 2016 (Date of transition)		
		Previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS balance sheet	Previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS balance sheet
ASSETS							
Non-current Assets							
(a) Property, Plant and Equipment	IA(i) & M	18,799.60	(2,135.36)	16,664.24	12,430.78	(2,232.02)	10,198.77
(b) Capital work in progress		-	-	-	-	-	-
(c) Investment property	J	1,580.62	-	1,580.62	1,649.18	-	1,649.18
(d) Intangible assets	M	9.45	2,135.36	2,144.81	6.78	2,232.02	2,238.80
(e) Investments in Subsidiaries	IA(ii)	779.72	-	779.72	779.72	-	779.72
(f) Financial Assets							
(i) Investments	A	899.94	27.01	926.95	800.00	1.03	801.03
(ii) Loans	K	6,893.21	158.35	7,051.56	5,694.48	299.91	5,994.39
(iii) Other financial assets		444.01	-	444.01	411.08	-	411.08
(g) Non current Tax Assets (Net)		115.88	-	115.88	207.24	-	207.24
(h) Other Non-Current Assets	M	278.49	16.20	294.69	216.80	38.04	254.85
Total non-current assets		**29,800.92**	**201.56**	**30,002.48**	**22,196.07**	**338.98**	**22,535.06**
Current assets							
(a) Inventories		4,216.35	-	4,216.35	5,130.83	-	5,130.83
(b) Financial Assets							
(i) Investments	A	-	-	-	23.90	0.18	24.08
(ii) Trade receivables	B	6,499.62	(17.95)	6,481.67	5,078.64	(17.82)	5,060.83
(iii) Cash and cash equivalents		524.08	-	524.08	348.52	-	348.52
(iv) Bank balances other than (iii) above		6,399.39	-	6,399.39	9,123.82	-	9,123.82
(v) Loans		26.51	-	26.51	16.29	-	16.29
(vi) Other financial assets	C	712.88	-	712.88	465.02	(61.96)	403.05
(c) Other current assets	C	469.77	(6.34)	463.44	678.84	-	678.84
Total current assets		**18,848.60**	**(24.29)**	**18,824.32**	**20,865.84**	**(79.60)**	**20,786.26**
Total Assets		**48,649.52**	**177.27**	**48,826.80**	**43,061.91**	**259.38**	**43,321.32**
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital		835.03	-	835.03	835.03	-	835.03
(b) Other Equity	V	24,894.89	863.20	25,758.09	21,814.23	139.86	21,954.09
Total equity		**25,729.92**	**863.20**	**26,593.12**	**22,649.26**	**139.86**	**22,789.12**
Liabilities							
Non- Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	L	4,648.97	(27.97)	4,621.00	4,003.21	29.77	4,032.98
(ii) Other financial liabilities		1.00	-	1.00	1.00	-	1.00
(b) Provisions		-	-	-	-	-	-
(c) Deferred tax liabilities (Net)	F	1,922.00	440.08	2,362.08	1,642.13	332.72	1,974.85
(d) Other non-current liabilities	D	(0.78)	7.49	6.71	-	7.49	7.49
Total non- current Liabilities		**6,571.19**	**419.60**	**6,990.79**	**5,646.34**	**369.98**	**6,016.32**
Current liabilities							
(a) Financial Liabilities							
(i) Borrowings		8,186.51	-	8,186.51	9,233.57	-	9,233.57
(ii) Trade payables		1,000.85	-	1,000.85	689.20	-	689.20
(iii) Other financial liabilities		4,958.26	-	4,958.26	3,744.58	-	3,744.58
(b) Other current liabilities	D	1,018.36	-	1,018.36	758.64	0.78	759.42
(c) Provisions	E	1,184.44	(1,105.53)	78.91	340.36	(251.26)	89.11
(d) Current Tax Liabilities (Net)		-	-	-	-	-	-
Total current liabilities		**16,348.42**	**(1,105.53)**	**15,242.89**	**14,766.35**	**(250.48)**	**14,515.88**
Total Equity and Liabilities		**48,649.51**	**177.28**	**48,826.80**	**43,061.93**	**259.36**	**43,321.32**

(Rs. in Lakhs)

III Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2017

Sr. No.	Particulars	Notes	Previous GAAP	Ind AS adjustment	Amount as per Ind AS Statement of Profit and Loss
	Income				
I	Revenue From Operations		27,669.25	-	27,669.25
II	Other Income	A,C,D,K & M	1,712.96	(41.50)	1,671.46
III	**Total Income**		**29,382.21**	**(41.50)**	**29,340.71**
IV	**EXPENSES**				
	(a) Cost of raw material consumed		11,054.92	-	11,054.92
	(b) Purchase of Stock-in-trade		57.07	-	57.07
	(c) Changes in Inventories of Finished goods, Stock-in-Trade and work-in-progress		715.81	-	715.81
	(d) Employee benefits expense	G	923.30	-	923.30
	(e) Finance costs	M	475.02	27.12	502.14
	(f) Depreciation and amortization expense		1,243.55	-	1,243.55
	(g) Other expenses	B	9,285.09	0.14	9,285.22
	Total expenses (a to g)		**23,754.76**	**27.26**	**23,782.02**
V	**Profit before tax (III - IV)**		5,627.46	(68.77)	5,558.69
VI	**Tax expense:**				
	Current tax		1,200.10	-	1,200.10
	Deferred tax	F	772.60	107.33	879.93
	Mat credit entitlement		(492.70)	-	(492.70)
	Total tax expense		**1,480.00**	**107.33**	**1,587.33**
VII	**Profit for the year (V-VI)**		**4,147.45**	**(176.10)**	**3,971.36**
VIII	**Other Comprehensive Income ('OCI')**				
A	(i) Items that will not be reclassified to profit or loss				
	Remeasurement of defined benefit plan	G	(3.76)	-	(3.76)
	(ii) Income tax relating to items that will not be		-	-	-
	Total (A)		(3.76)	-	(3.76)
B	(i) Items that will be reclassified to profit or loss		-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-
	Total (B)		-	-	-
	Total other comprehensive income (A+B)		**(3.76)**	**-**	**(3.76)**
IX	**Total comprehensive income for the year (VII+VIII)**		**4,143.69**	**(176.10)**	**3,967.60**

"There's nothing wrong with staying small.
You can do big things with a small team."
- Jason Fried

(Rs. in Lakhs)

IV. On account of transition to Ind AS, there is no material adjustment to the Statement of Cash Flows for the year ended 31st March 2017

V Reconciliation of Equity as at 31st March 2017 and 1st April 2016

Particulars	Notes	As at 31st March 2017	As at 31st March 2016
Equity as per Previous GAAP		**25,729.92**	**22,649.26**
Fair value measurement of investment in equity instruments and mutual funds	A	27.01	1.21
Loss allowance of trade receivables as per expected credit loss	B	(17.95)	(17.82)
Gain / (loss) on fair valuation of derivative financial instruments	C	-	(61.96)
Restatement of loan given to subsidiary	K	176.55	341.43
Deferred income arising from government grants	D	(7.49)	(8.27)
Reversal of proposed dividend including dividend distribution tax	E	1,105.53	251.26
Amortisation of Foreign currency monetary item translation difference account	L	2.93	(3.31)
Others	M	(2.00)	(3.48)
Restatement of foreign currency borrowings	K	18.70	(26.46)
Deferred tax impact on above adjustments	F	(440.08)	(332.72)
Total		**863.20**	**139.86**
Equity as per Ind AS		**26,593.12**	**22,789.12**

V Reconciliation of Total Comprehensive Income

Particulars	Notes	As at 31st March 2018
Net Profit as per Previous GAAP		**4,143.69**
Fair value measurement of investment in equity instruments and mutual funds	A	25.80
Loss allowance of trade receivables as per expected credit loss	B	(0.14)
Deferred income arising from government grants	D	0.78
Gain / (loss) on fair valuation of derivative financial instruments	C	61.96
Amortisation of foreign currency monetary item translation difference account	L	6.23
Restatement of loan given to subsidiary	K	(164.88)
Actuarial (gain)/loss on employee defined benefit plans recognised in Other Comprehensive Income	G	3.76
Others	M	1.47
Deferred tax impact on above adjustments	F	(107.33)
Net profit after tax as per Ind AS		**3,971.36**
Other Comprehensive Income (net of taxes)	H	(3.76)
Total Comprehensive income as per Ind AS		**3,967.60**

VII Notes to reconciliation:-

A Fair valuation of investments

All Investments except investments in group companies have been fair valued in accordance with Ind AS 109. Investments in debt securities are measured at amortised costs. Other investments are fair valued through profit or loss. Under Previous GAAP, current investments were carried at cost net of diminution in their value as at the Balance Sheet date. The long term investments were carried at cost net of permanent diminution, if any.

B Trade receivables

Under previous GAAP, the Company had recognised provision on trade receivables based on the expectation of the Company.
Under Ind AS the Company provides loss allowance on receivables based on the Expected Credit Loss (ECL) model which is measured following the "simplified approach" at an amount equal to the lifetime ECL at each reporting date.

C Derivative financial instruments

Under Previous GAAP, in respect of all derivative contracts (except forward contracts), only mark-to-market loss was provided. Premium /discount arising at the inception of the forward exchange contracts to hedge foreign currency risks were amortised as expense or income over the life of the contract. Exchange differences on such forward exchange contracts were recognised in the Statement of Profit and Loss. Under Ind AS, all derivative contracts are measured at fair value through profit and loss.

D Government Grants

Under previous GAAP, Government Grants in respect of Property, Plant and Equipment was presented as Capital Reserve under Reserves and Surplus. Under Ind AS, Government Grants in respect of Property, Plant and Equipment needs to be presented as deferred income as part of liabilities.

E Proposed Dividend

Under Ind AS the final dividend including related tax is recognised in the period in which the obligation to pay is established on its approval, post reporting of financial statements. Under Previous GAAP, provision was required to be made in the financial statements for the proposed final dividend in the period to which the liability related.

F Deferred Tax

Under previous GAAP, deferred tax accounting was done using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Under Ind AS, accounting of deferred taxes is done using the Balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

G Remeasurement of Defined benefits liabilities

Under previous GAAP the company recognised remeasurements of defined benefits plans under profit and loss. Under Ind AS , remeasurement of defined benefits plans are recognised in Other Comprehensive Income

H Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard enquires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

I Excise Duty

Under previous GAAP, revenue from sale of products was presented net of Excise Duty under revenue from operations.
Under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense is presented under other expenses in the statement of profit and loss. The change does not affect the total equity as at 1st April, 2016 and 31st March, 2017, profit before tax or total profit for the year ended 31st March, 2017.

J Investment Property

Pursuant to Ind AS requirements, investment property is presented separately. Under Previous GAAP the same was presented as part of tangible assets. Tangible assets have been now divided into two categories under Ind AS viz. Property, plant and equipment and Investment property.

K Restatement of loan given to subsidiary

Loan given to subsidiary has been restated at the exchange rates prevailing on the reporting date.

L Long Term Foreign Currency Monetary Items

The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in"Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of the liability.

M Others

Other adjustments on account of transition to Ind AS include reclassification of Property, Plant and Equipment (PPE) to Intangible asset as part of service concession arrangements, classification of Investment Property, fair valuation of deposits and effect of adjustments relating to revenue recognition.

N The previous year Previous GAAP figures have been reclassified/regrouped to make them comparable with Ind AS presentation.

As per our attached report of even date

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

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 29th May, 2018

For and on behalf of the Board of Directors

Krishnakumar Jhunjhunwala
Managing Director
(DIN: 00097175)

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

Mahendra Sheth
CFO & Company Secretary

Place: Mumbai
Date: 29th May, 2018

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

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Sarla Performance Fibers Limited ("the Parent") and its subsidiaries (the parent and Subsidiaries together referred to as 'Group'), which comprise the consolidated Balance Sheet as at 31st March, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS financial statements)

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of requirements of Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for accuracy of record including financial information considered necessary for the preparation of consolidated Ind AS financial statements and ensuring maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 there under.

We conducted our audit of the consolidated Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

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 reports of the other auditors on separate financial statements of subsidiary referred to in Other Matters paragraph below, the aforesaid consolidated Ind AS 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 including the Ind AS specified under Section 133 of the Act, of the consolidated state of affairs (financial position) of the Group as at 31st March, 2018 and their consolidated profit (financial performance including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

1. We draw attention to note no 54 of the Consolidated Financial Statements, wherein it is mentioned that three Joint Ventures are not consolidated on account of non-resolution of disputes, or non-receipt of financial statements for the year ended 31st March, 2018. The investments made by the Company in these Joint Ventures has been tested for impairment and has been provided for as on 1st April, 2016. We are unable to comment about impact of the same on the Consolidated Statement of Profit and Loss.

2. The auditors of a Wholly owned subsidiary, SarlaFlex, Inc. have drawn attention in their Audit Report that financial statements are prepared assuming that the Company will continue as a Going Concern. The Company has temporarily suspended operations, has suffered operating losses since inception and has insufficient working capital to sustain operations. These conditions raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our opinion is not qualified in respect of these matters.

Other Matters

1. We did not audit the financial statements of a subsidiary SarlaFlex Inc., whose financial statements reflect total assets of Rs. 14,533.22 lakhs and net liabilities of Rs. 6,496.78 lakhs as at 31st March, 2018, total revenues of Rs. 1,681.34 lakhs and net loss (including other comprehensive income) of Rs. 1,745.59 lakhs for the year ended on that date as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

2. The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) audited by the predecessor auditor whose reports for the year ended 31st March, 2017 and 31st March, 2016 dated 27th May, 2017 and 30th May, 2016 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, to the extent applicable 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 of the aforesaid consolidated Ind AS financial statements. However, we have not received responses to the Group Audit Instructions from the auditors of Wholly owned subsidiary, SarlaFlex, Inc and hence we are unable to comment on its implications, if any.

b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Parent and its subsidiaries so far as it appears from our examination of those books and records of Parent and reports of the other auditors.

c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Parent and its subsidiaries for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representation received from the directors of Parent as on 31st March, 2018 taken on record by the Board of Directors of Parent, none of the directors are disqualified as on 31st March, 2018 from being appointed as director in terms of section 164(2) of the Act.

f) As per the Guidance Note on 'Audit of Internal Financial Controls over Financial Reporting' issued in September 2015 by the Institute of Chartered Accountants of India, since there are no subsidiaries incorporated in India, no reporting on the adequacy of the internal financial controls with reference to financial statements of the said subsidiaries and the operating effectiveness of such controls is required. With respect to the adequacy of the internal financial controls with reference to financial statements of the Parent and the operating effectiveness of such controls, refer to our report in Annexure 'B' of the standalone Ind AS financial statements.

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, as amended, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 47.1 of the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts including derivative contracts;

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

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

Himanshu Kishnadwala
Partner
Membership No.: 37391

Place: Mumbai
Date: 29th May, 2018

Consolidated Balance Sheet as at 31st March, 2018

(Rs. in Lakhs)

	Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
I ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	4A	22,077.25	222,575.40	16,851.05
(b) Capital Work in progress	4B	322.98	-	-
(c) Investment Property	5	-	1,580.62	1,649.18
(d) Intangible assets	6	2,049.76	2,144.81	2,238.80
(e) Investments accounted for using equity method	7	-	-	-
(f) Financial Assets				
(i) Investments	8	6,898.43	6,842.90	6,852.93
(ii) Loans	9	1,221.86	1,290.62	796.31
(iii) Other financial assets	10	2,087.22	444.01	411.08
(g) Non current Tax Assets (Net)	11	52.75	115.88	207.24
(h) Deferred Tax Assets (Net)	26	310.89	513.96	870.84
(i) Other non-current assets	12	1,660.00	1,422.42	254.85
Total non-current assets		**36,681.14**	**36,930.62**	**30,132.28**
(2) Current assets				
(a) Inventories	13	5,816.12	6,461.25	7,873.27
(b) Financial Assets				
(i) Investments	14	124.82	-	24.08
(ii) Trade receivables	15	7,931.12	8,222.28	6,683.49
(iii) Cash and cash equivalents	16	1,626.80	952.54	1,419.40
(iv) Bank balances other than (iii) above	17	2,910.79	6,399.39	9,123.82
(v) Loans	18	109.94	106.39	179.69
(vi) Other financial assets	19	43.19	712.88	403.05
(d) Other current assets	20	1,070.98	497.92	795.76
Total current assets		**19,633.76**	**23,352.65**	**26,502.56**
Total Assets		**56,314.90**	**60,283.27**	**56,634.84**
II EQUITY AND LIABILITIES				
Equity				
(a)Equity Share capital	21	835.03	835.03	835.03
(b)Other Equity	22	26,460.47	24,971.21	21,704.01
Equity attributable to equity share holders		**27,295.50**	**25,806.24**	**22,539.04**
Non-controlling interests		7.99	0.86	(19.94)
Total equity		**27,303.49**	**25,807.10**	**22,519.10**
Liabilities				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	23	12,409.93	13,712.16	14,119.36
(ii) Other financial liabilities	24	148.42	60.67	91.61
(b) Provisions	25	92.39	-	-
(c) Deferred tax liabilities (Net)	26	2,800.24	2,362.08	1,974.84
(d) Other non-current liabilities	27	5.93	6.71	7.49
Total non-current liabilities		**15,456.91**	**16,141.62**	**16,193.30**

(Rs. in Lakhs)

	Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	28	7,747.97	9,484.23	10,561.72
(ii) Trade payables	29	1,270.74	1,585.02	1,661.56
(iii) Other financial liabilities	30	3,846.04	6,111.11	4,801.95
(b) Other current liabilities	31	563.01	1,075.28	808.10
(c) Provisions	32	38.76	78.91	89.11
(d) Current Tax Liabilities (Net)	33	87.98	-	-
Total current liabilities		**13,554.50**	**18,334.55**	**17,922.44**
Total Equity and Liabilities		**56,314.90**	**60,283.27**	**56,634.84**

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

HIMANSHU KISHNADWALA
Partner
(Membership No. 37391)

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

Place: Mumbai
Date: 29th May, 2018

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 29th May, 2018

Consolidated Statement of Profit and Loss for the year ended 31st March, 2018

(Rs. in Lakhs)

		Note No.	For the year ended 31st March 2018	For the year ended 31st March 2017
I	Revenue from Operations	34	30,630.04	32,185.94
II	Other Income	35	1,829.34	2,702.99
III	**TOTAL INCOME (I+II)**		**32,459.38**	**34,888.93**
IV	**Expenses**			
	(a) Cost of materials consumed	36	13,519.05	12,269.39
	(b) Purchases of Stock-in-trade	37	25.19	91.71
	(c) Changes in inventories of finished goods and work-in-progress	38	1,557.95	1,101.59
	(d) Employee benefits expense	39	1,641.79	2,420.08
	(e) Finance costs	40	734.76	715.50
	(f) Depreciation and amortization expense	41	2,015.14	1,969.35
	(g) Other expenses	42	8,427.18	10,950.53
	TOTAL EXPENSES (a to g)		**27,921.05**	**29,518.16**
V	**Profit before share of net profits of investment accounted for using equity method and tax (III-IV)**		**4,538.33**	**5,370.77**
VI	Share of net profit/(loss) of Joint ventures accounted for using the equity method		-	-
VII	**Profit before tax (V+VI)**		**4,538.33**	**5,370.77**
VIII	**Tax expense:**			
	Current tax		1,510.74	1,204.93
	Deferred tax		565.62	1,228.90
	Mat credit entitlement		(145.39)	(492.70)
	Adjustments for earlier years		182.22	-
	Total tax expense		**2,113.19**	**1,941.13**
IX	**Profit / (Loss) for the year (VII-VIII)**		**2,425.14**	**3,429.64**
X	**Other Comprehensive Income ('OCI')**			
A	(i) Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plan		(16.91)	(3.76)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		5.91	-
	Total (A)		(11.00)	(3.76)
B	(i) Items that will be reclassified to profit or loss		11.05	-
	Foreign exchange differences in translating financial statements of foreign operations		-	26.66 -
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Total (B)		11.05	26.66
	Total Other comprehensive income (A+B)		**0.05**	**22.90**
XI	**Total comprehensive income for the year (IX+X)**		**2,425.19**	**3,452.54**
	Profit attributable to:			
	Owners of the Company		2,417.12	3,410.53
	Non-Controlling Interest		8.02	19.11
	Other Comprehensive Income attributable to:			

(Rs. in Lakhs)

	Note No.	For the year ended 31st March 2018	For the year ended 31st March 2017
Owners of the Company		0.94	21.22
Non-Controlling Interest		(0.89)	1.68
Total Comprehensive Income attributable to:			
Owners of the Company		2,418.06	3,431.74
Non-Controlling Interest		7.13	20.79
XII Earnings per equity share	43		
- Basic and Diluted (Face value Re. 1)		2.89	4.08

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

HIMANSHU KISHNADWALA
Partner
(Membership No. 37391)

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

Place: Mumbai
Date: 29th May, 2018

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 29th May, 2018

Consolidated Statement of Cash Flow for the year ended 31st March, 2018

(Rs. in Lakhs)

	For the year ended 31st March 2018	For the year ended 31st March 2017
A Cash flow from operating activities		
Profit before tax	4,538.33	5,370.77
Adjustments for:		
Finance costs	734.76	715.50
Depreciation and amortisation expenses	2,015.14	1,969.35
Interest on income tax	10.79	-
Interest income	(390.86)	(910.00)
Gain on disposal of investment property	(840.96)	-
Gain on disposal of property, plant and equipment	(75.12)	-
Gain on disposal of investments	(27.21)	(15.53)
Gain on fair value of investments	(8.15)	(25.97)
Dividend Income on Current investments	(8.69)	(7.68)
Government Grant	(0.78)	(0.78)
Unrealised exchange gain or loss on foreign currency translations	42.91	260.73
Foreign currency translation reserve	11.05	26.66
Amortisation of Foreign currency monetary item translation difference account	(4.69)	(6.23)
Operating profit before working capital changes	**5,996.51**	**7,376.82**
Movements in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	645.13	1,412.02
Trade receivables	291.16	(1,538.79)
Current loans	(3.55)	73.30
Non-current loans	68.76	(494.31)
Other current assets	(573.06)	297.85
Other non current assets	(237.58)	(1,167.58)
Other current financial assets	474.77	(424.64)
Other non current financial assets	-	-
Adjustments for increase/(decrease) in operating liabilities:	(314.28)	(76.55)
Trade payables	281.21	1,539.92
Other current financial liabilities	87.75	(30.94)
Other financial liabilities	(528.87)	267.18
Other current liabilities	35.34	(13.96)
Provisions		
Cash generated from operations	**6,223.30**	**7,220.32**
	(1,326.01)	(1,113.57)
Direct taxes paid (net)		
Net cash generated from operating activities (A)	**4,897.28**	**6,106.75**
B Cash flows from investing activities		
Bank balances other than Cash & Cash equivalents	3,488.60	2,724.43
Purchase of property, plant and equipment	(3,011.48)	(7,762.50)
Purchase of Intangible Assets	(7.33)	(8.25)
Proceeds from disposals of property, plant and equipment	2,500.32	73.53
Purchase of non current investments	(27.74)	36.01
Purchase of current investments	(117.24)	39.61

(Rs. in Lakhs)

	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest received	426.53	885.33
Bank Deposits	(1,483.96)	106.55
Dividend Income on Current investments	8.69	7.68
Net cash (used in) investing activities (B)	**1,776.39**	**(3,897.61)**
C Cash flow from financing activities		
Proceeds from non current borrowings	(2,582.87)	(420.49)
Proceeds from current borrowings	(1,778.92)	(1,330.37)
Interest paid	(718.15)	(715.50)
Dividend paid	(919.48)	(209.71)
Net cash (used in) financing activities (C)	**(5,999.42)**	**(2,676.07)**
NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	**674.25**	**(466.93)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
Balances with banks in current accounts and deposit accounts	942.63	1,405.48
Cash on hand	9.91	13.92
CASH AND CASH EQUIVALENTS AS PER NOTE 16	**952.54**	**1,419.41**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Balances with banks in current accounts and deposit accounts	1,616.21	942.63
Cash on hand	10.59	9.91
CASH AND CASH EQUIVALENTS AS PER NOTE 16	**1,626.80**	**952.54**

Explanatory notes to Statement of Cash Flows:

1 The Statement of Cash Flows is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Ind AS 7 as notified by Ministry of Corporate Affairs.

2 In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.

3 The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

HIMANSHU KISHNADWALA
Partner
(Membership No. 37391)

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

Place: Mumbai
Date: 29th May, 2018

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 29th May, 2018

Consolidated Statement of changes in equity for the year ended 31st March, 2018

(Rs. in Lakhs)

a. Equity Share Capital (note 21)	
Particulars	**Amount**
Balance as at 1st April, 2016	**835.03**
Changes in equity share capital during the year 2016-17	-
Balance as at 31st March, 2017	**835.03**
Changes in equity share capital during the year 2017-18	-
Balance as at 31st March, 2018	**835.03**

"Nothing works better than just improving your product."

- Joel Spolsky

Consolidated Statement of changes in equity for the year ended 31st March, 2018

b. Other Equity (note 22)

Particulars	Reserves and surplus						Total attributable to Owners of the Company	Attributable to NCI	Total Equity
	Capital reserve	Securities premium reserve	General reserve	Foreign currency translation reserve	Foreign currency monetary item translation difference account	Retained earnings*			
As at 1st April, 2016	**183.46**	**4,529.00**	**8,274.38**	**-**	**(26.46)**	**8,743.63**	**21,704.01**	**(19.94)**	**21,684.07**
Profit for the year 2016-17	-	-	-	-	-	3,410.53	3,410.53	19.11	3,429.64
Other comprehensive income for the year 2016-17 (net of tax)	-	-	-	24.98	-	(3.76)	21.22	1.68	22.90
Addition /(Deletions) during the year	-	-	-	-	51.40	-	51.40	-	51.40
Amortisation during the year	-	-	-	-	(6.23)		(6.23)		(6.23)
Total comprehensive income for the year	**-**	**-**	**-**	**24.98**	**45.17**	**3,406.77**	**3,476.91**	**20.79**	**3,497.70**
Dividend	-	-	-	-		(209.71)	(209.71)	-	(209.71)
As at 31st March, 2017	**183.46**	**4,529.00**	**8,274.38**	**24.98**	**18.70**	**11,940.69**	**24,971.21**	**0.86**	**24,972.07**
Profit for the year 2017-18	-	-	-	-	-	2,417.12	2,417.12	8.02	2,425.14
Other comprehensive income for the year 2017-18 (net of tax)	-	-	-	-	-	(11.00)	0.94	(0.89)	0.05
Addition /(Deletions) during the year	-	-	-	11.94	-	-	(4.63)	-	(4.63)
Amortisation during the year	-	-	-	-	(4.63)	-	(4.69)		(4.69)
Total comprehensive income for the year	**-**	**-**	**-**	**11.94**	**(9.32)**	**2,406.12**	**2,408.74**	**7.13**	**2,415.87**
Dividend	-	-	-	-	-	(919.48)	(919.48)	-	(919.48)
As at 31st March, 2018	**183.46**	**4,529.00**	**8,274.38**	**36.92**	**9.38**	**13,427.33**	**26,460.47**	**7.99**	**26,468.46**

* including remeasurement of net defined benefit plans

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

HIMANSHU KISHNADWALA
Partner
(Membership No. 37391)

Place: Mumbai
Date: 29th May, 2018

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

Place: Mumbai
Date: 29th May, 2018

Notes to Consolidated Financial Statement for the year ended 31st March, 2018

1. CORPORATE INFORMATION:

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

The Company and its subsidiaries (collectively the 'Group') is engaged primarily in manufacturing of polyester and nylon yarns. The Company has a global presence with key subsidiaries in United States of America (USA) and British Virgin Islands (BVI) that are engaged in the manufacture and/or sale of various types of polyester and nylon yarns

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

2.1. Basis of compliance:

The Consolidated Financial Statements (CFS) comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Until the adoption of Ind AS, for all periods up to and including the year ended 31st March, 2017, the Group prepared its CFS in accordance with Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). The CFS for the year ended 31st March, 2017 and the opening Balance Sheet as at 1st April, 2016 have been restated in accordance with Ind AS for comparative information.

Reconciliation and description of the effects of the transition to Ind AS has been summarised in Note 55.

2.2. Basis of preparation and presentation:

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

Current and Non – Current Classification

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

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

The CFS of the Group for the year ended 31st March, 2018 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 29th May, 2018.

2.3. Use of Judgements and Estimates:

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

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

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

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

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

2.4. Basis of Consolidation:

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

2.4.1. Subsidiaries:

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

2.4.2. Joint Venture:

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

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

a. The financial statements of the Company and its subsidiary companies have been consolidated on a line by- line basis by adding together of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India. Accounting policies of the respective subsidiaries are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS;

b. The Financial Statements of the Subsidiary Companies used in preparation of the CFS are drawn up to the same reporting date as that of the Company. i.e. 31st March, 2018;

c. The results of subsidiaries acquired or disposed of during the year are included in the CFS from the effective date of acquisition and up to the effective date of disposal, as appropriate;

d. Refer note no. 54 of the consolidated financial statements for not consolidating the share of profit / loss of the joint ventures as per the 'equity method';

e. CFS are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Company's separate financial statements;

f. Non-controlling interests in the net assets of the subsidiaries that are consolidated consists of the amount of equity attributable to non-controlling shareholders at the date of acquisition and subsequent addition of their share of changes in equity.

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

2.4.4. The percentage of ownership interest of the Company in the Subsidiary companies as on 31st March, 2018 are as under:

Particulars	Country of Incorporation	Percentage of actual ownership interest as on 31st March, 2018	31st March, 2017	31st March, 2016
Subsidiaries				
Sarlaflex Inc	USA	98.89%	98.89%	98.89%
Sarla Overseas Holding Limited	British Virgin Islands (BVI)	100%	100%	100%

2.5. Property, plant and equipment:

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

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

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

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

2.5.5. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred;

2.5.6. An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;

2.5.7. Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Act, except for assets costing Rs. 5,000/- or less are fully depreciated or fully written off in the year of purchase;

2.5.8. Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life of such components has been assessed based on historical experience and internal technical assessment except in respect of following useful lives of assets of a subsidiary:

2.5.9. Depreciation on spare parts specific to an item of property, plant and equipment is based on life of the related property, plant and equipment. In other cases, the spare parts are depreciated over their estimated useful life based on the technical assessment;

Type of asset	Useful lives
Equipments	10 years
Buildings	39 years
Computers	5 years
Vehicles	5 years
Furniture and fixtures	7 years

2.5.10. Leasehold land is amortised over the primary lease period. Other assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be

obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives;

2.5.11. Freehold land is not depreciated;

2.5.12. The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;

2.5.13. The Group has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (01st April, 2016) except one subsidiary where figures have been restated in accordance with Ind AS 16 (Also Refer note 55).

2.6. Intangible Assets:

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

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

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

Asset	Useful life
Computer software	3 years
Service concession arrangement	20 years

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

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

2.6.6. The Group has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its intangible assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (01st April, 2016) (Also Refer note 55).

2.7. Investment property:

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

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

2.7.3. On transition to Ind AS (1St April 2016), the Group has re-classified certain items from property, plant and equipment to investment property. For the same, Group has elected to use the exemption available under Ind AS 101 to continue the carrying value for such assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (Also Refer note 55).

2.8. Non-currents assets held for sale:

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

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

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

2.9. Leases:

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

2.9.1. Group as a lessee:

Finance lease

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss, unless they are directly

attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred;

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

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

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

2.10. Impairment of Non-financial Assets:

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

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

2.11. Inventories:

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

2.11.2. Cost includes all charges in bringing the goods to their present location and condition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty;

2.11.3. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.12. Fair Value measurement:

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

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

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

2.12.4. The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out;

2.12.5. While measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:
- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- **Level 3:** inputs for the assets or liability that are not based on observable market data (unobservable inputs)

2.12.6. When quoted price in active market for an instrument is available, the Group measures the fair value of the instrument using

that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;

2.12.7. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction;

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

2.13. Financial Instruments:

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

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

Financial assets are subsequently classified as measured at
- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

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

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

Debt instruments:
Debt instruments are subsequently measured at amortised cost, FVOCI or FVTPL till de-recognition on the basis of:
- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

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

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

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

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

The Group makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Group has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

De-recognition:
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset;

2.13.2. Financial Liabilities:
Initial recognition and measurement:
Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as FVTPL. In case of trade payables,

they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

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

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

2.13.3. Financial guarantees:
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation;

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

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

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

2.14. Revenue Recognition:

2.14.1. Sale of goods:
Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Group retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and service tax, etc;

2.14.2. Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed in proportion to the stage of completion of the transaction at the reporting date and the amount of revenue can be measured reliably;

2.14.3. Income from export incentives such as duty drawback and premium on sale of import licenses are recognised on accrual basis except for focus market scheme license which is recognised as and when the licenses are sold;

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

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

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

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

2.14.8. Renewable Energy Certificate (REC) income is recognised as and when such RECs are traded and money is realised.

2.15. Employee Benefits:

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

2.15.2. Post-employment benefits:

The Group operates the following post – employment schemes:

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

Defined Contribution Plans:

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

Defined Benefit Plans:

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

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

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

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

2.16. Borrowing costs:

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

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

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

2.17. Foreign Currency Transactions:

2.17.1. The functional currency of the Company is Indian Rupees (₹), whereas functional currency of foreign subsidiaries is USD ($). The presentation currency of the group is Indian Rupees (Rs.);

2.17.2. Monetary items:

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

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

Exchange differences arising on settlement or translation of monetary items (except for long term foreign currency monetary items outstanding as of 31st March, 2017) are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

The Group has elected to continue the policy adopted under Previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March, 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of the liability (Also Refer Note 4A(i) and 52);

2.17.3. Non – Monetary items:

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

2.17.4. Foreign operations:

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

2.18. Government Grants:

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

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

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

2.19. Provisions and Contingent Liabilities:

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

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

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

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

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

2.20. Taxes on Income

2.20.1. Current Tax

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

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

2.20.2. Deferred tax

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

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

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

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

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

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

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

2.21. Segment reporting:

The Group identifies operating segments based on the dominant source, nature of risks and returns and the internal organisation. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director (who is the Group's chief operating decision maker) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

2.22. Earnings per share

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

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

2.23. Cash and Cash equivalents:

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

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

2.24. Cash Flows:

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

2.25. Dividend:

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

3. RECENT ACCOUNTING PRONOUNCEMENTS

On 28th March 2018, The Ministry of Corporate affairs notified Ind AS 115 "Revenue From contracts with customers" as a part of companies (Indian accounting standards) Amendment Rules, 2018.

The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 01, 2018. The effect on adoption of Ind AS 115 is being assessed by the company.

"It's not that we need new ideas, but we need to stop having old ideas."
-Edwin Land

Notes to consolidated financial statements for the year ended 31st March, 2018

Note 4A Property, Plant & Equipment

(Rs. in Lakhs)

Gross Block	Freehold Land	Leasehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Total
Deemed cost as at 1st April, 2016	154.18	-	3,215.86	13,286.15	31.00	70.75	14.05	79.05	16,851.05
Additions	3,093.75	8.70	86.16	4,483.89	5.84	40.30	2.55	5.02	7,726.20
Deletions	-	-	-	-	-	(6.21)	-	(0.05)	(6.26)
Exchange fluctuations	(1.42)	-	(39.23)	(111.24)	(0.13)	(0.29)	(0.04)	(0.45)	(152.79)
Balance as at 31st March, 2017	3,246.52	8.70	3,262.79	17,658.80	36.71	104.55	16.56	83.57	24,418.19
Additions / Transfers	120.74	-	152.10	1,133.26	20.42	-	8.81	3.42	1,438.76
Deletions	-	-	-	(74.71)	-	-	-	-	(74.71)
Exchange fluctuations	0.19	-	5.27	14.77	0.02	0.04	0.15	0.06	20.49
Balance as at 31st March, 2018	**3,367.45**	**8.70**	**3,420.15**	**18,732.13**	**57.15**	**104.59**	**25.51**	**87.05**	**25,802.73**

Accumulated Depreciation	Freehold Land	Leasehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Total
Balance as at 1st April, 2016	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	112.57	1,688.79	6.78	21.65	5.17	32.16	1,867.12
Depreciation on deletion	-	-	-	-	-	-	-	-	-
Exchange fluctuations	-	-	(1.66)	(22.15)	(0.05)	(0.14)	(0.02)	(0.30)	(24.32)
Balance as at 31st March, 2017	-		110.91	1,666.64	6.73	21.51	5.15	31.86	1,842.79
Depreciation charge for the year	-	0.46	115.80	1,723.64	7.38	20.86	5.46	39.16	1,912.76
Depreciation on deletion	-	-	-	(38.62)	-	-	-	-	(38.62)
Exchange fluctuations	-	-	0.58	7.78	0.02	0.05	0.01	0.10	8.54
Balance as at 31st March, 2018	-	**0.46**	**227.29**	**3,359.44**	**14.13**	**42.42**	**10.61**	**71.13**	**3,725.48**
Net Book Value									
Net block as at 1st April, 2016	**154.18**	**-**	**3,215.86**	**13,286.15**	**31.00**	**70.75**	**14.05**	**79.05**	**16,851.05**
Net block as at 31st March, 2017	**3,246.52**	**8.70**	**3,151.88**	**15,992.17**	**29.98**	**83.04**	**11.42**	**51.70**	**22,575.40**
Net block as at 31st March, 2018	**3,367.45**	**8.23**	**3,192.87**	**15,372.69**	**43.02**	**62.17**	**14.90**	**15.92**	**22,077.25**

Notes:

(i) In Plant and Equipments addition is net off loss of Rs. 1.09 lakhs (as at 31st March, 2017: Rs. 3.38 lakhs and as at 1st April, 2016: Rs. 118.21 lakhs) on reinstatement of foreign currency loan taken to acquire the asset. (Refer note 52)

(ii) Freehold land includes, Land acquired during FY 2016-17 for Rs. 30 Crores which is standing in the name of some directors pending completion of formalities for transfer of the same to the company name.

(iii) Charge has been created over property, plant and equipments of the group in regard to borrowings (refer note 23)

(iv) Leasehold land represents land taken on finance lease for 20 years.

(v) The Group has adopted carrying value as recognized in the financial statement as at 31st March, 2016, measured as per Previous GAAP as its deemed cost except one subsidiary where figures have been restated in accordance with Ind AS 16. Accordingly, its Net Block as on 31st March, 2016 is its Gross Block under Ind AS. Break up of the said Gross block as at 1st April, 2016 is as under:

Notes to Consolidated Financial Statement for the year ended 31st March, 2018

(Rs. in Lakhs)

Particulars	Gross Block	Accumulated Depreciation / Amortisation	Ind AS Adjustment/ Reclassification	Net Block
	As at 1st April, 2016			
Land - Freehold	153.15	3.23	4.27	154.18
Buildings	3,981.48	653.85	(111.76)	3,215.86
Plant and Equipment	25,701.57	8,340.53	(4,074.89)	13,286.15
Computers	170.28	79.72	(11.52)	79.05
Furniture and Fixtures	112.77	57.66	(24.10)	31.00
Vehicles	178.55	105.34	(2.46)	70.75
Office Equipment	50.87	37.36	0.53	14.05
	30,348.66	**9,277.69**	**(4,219.93)**	**16,851.05**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 4B Capital work in progress			
Capital work in progress	322.98	-	-
	322.98	-	-

	Investment Property (Rs. in Lakhs)
Note 5 Investment property	
Gross Block	
Deemed cost as at 1st April, 2016	**1,649.18**
Additions	4.98
Deletions	(73.53)
Balance as at 31st March, 2017	**1,580.62**
Additions	3.61
Deletions	(1,584.24)
Balance as at 31st March, 2018	-
Accumulated Depreciation	
Balance as at 1st April, 2016	
Additions	-
Deletions	-
Balance as at 31st March, 2017	-
Additions	-
Deletions	-
Balance as at 31st March, 2018	-
Balance as at 1st April, 2016	**1,649.18**
Balance as at 31st March, 2017	**1,580.62**
Balance as at 31st March, 2018	**-**

Note:

(i) The fair value of the Group's investment property is Rs. Nil (as at 31st March, 2017: Rs. 1,580.62 lakhs and as at 1st April, 2016: Rs. 1,649.18 lakhs.

(ii) Charge has been created over investment property of the company in regard to borrowings (Refer note 23)

(ii) The Group has adopted carrying value as recognized in the financial statement as at 31st March, 2016, measured as per Previous GAAP as its deemed cost. Accordingly, its Net Block as on 31st March, 2016 is its Gross Block under Ind AS. Break up of the said Gross block as at 1st April, 2016 is as under:

(Rs. in Lakhs)

Particulars	Gross Block	Ind AS Adjustment/ Reclassification	Accumulated Depreciation / Amortisation	Ind AS Adjustment/ Reclassification	Net Block
			As at 1st April, 2016		
Investment in Land at Dadra, Union Territory of Dadra & Nagar Haveli, India	-	1,649.18	-	-	1,649.18
	-	**1,649.18**	-	-	**1,649.18**

Note 6 Intangible assets	Service concession	Computer Software	Total
Gross Block			
Deemed cost as at 1st April, 2016	**2,232.02**	**6.78**	**2,238.80**
Additions	-	8.25	8.25
Deletions	-	-	-
Balance as at 31st March, 2017	**2,232.02**	**15.03**	**2,247.05**
Additions	-	7.33	7.33
Deletions	-	-	-
Balance as at 31st March, 2018	2,232.02	**22.36**	**2,254.37**
Accumulated Depreciation			
Balance as at 1st April, 2016	-	-	-
Additions	96.65	5.58	102.23
Deletions	-	-	-
Balance as at 31st March, 2017	**96.65**	**5.58**	**102.23**
Additions	96.65	5.73	102.38
Deletions			
Balance as at 31st March, 2018	**193.31**	**11.31**	**204.61**
Net block as at 1st April, 2016	2,232.02	6.78	2,238.80
Net block as at 31st March, 2017	2,135.36	9.45	2,144.81
Net block as at 31st March, 2018	**2,038.71**	**11.05**	**2,049.76**

Note:

The Group has adopted carrying value as recognized in the financial statement as at 31st March, 2016, measured as per Previous GAAP as its deemed cost. Accordingly, its Net Block as on 31st March, 2016 is its Gross Block under Ind AS. Break up of the said Gross block as at 1st April, 2016 is as under:

Particulars	Gross Block	Ind AS Adjustment/ Reclassification	Accumulated Amortisation	Ind AS Adjustment/ Reclassification	Net Block
			As at 1st April, 2016		
Service concession arrangement	-	2,238.28	6.27	-	2,232.02
Computer Software	-	8.00	1.22	-	6.78
	-	**2,246.28**	**7.49**	-	**2,238.80**

Notes to Consolidated Financial Statement for the year ended 31st March, 2018

(Rs. in Lakhs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 7 Investments accounted for using equity method			
Investments in Joint Ventures			
Unquoted			
Savitex SA De C.V., Honduras	1,856.76	1,856.76	1,856.76
MRK SA C.V., Honduras	127.39	127.39	127.39
Sarla Tekstil Filament Sanayi Ticaret A.S.	74.97	74.97	74.97
Provision for Diminution in value of investments	(2,059.12)	(2,059.12)	(2,059.12)
Total	-	-	-

Note:

Refer note 54 for details of interest in other entities.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 8 Non current financial asset - Investments			
Unquoted			
Investments in Preference shares at FVTPL (fully paid)	500.00	500.00	500.00
Investments in units of Mutual fund at FVTPL (fully paid)	354.79	327.01	301.03
Investments in debentures at amortised cost (fully paid)	109.43	99.94	-
Investment in U.S. Bancorp Community Development Corporation	5,934.20	5,915.95	6,051.90
Investment Fund 8, LLC at amortised cost (fully paid). (Refer note 23).		-	-
Investment-FCT at amortised cost (fully paid)	0.01		
TOTAL	**6,898.43**	**6,842.90**	**6,852.93**
		-	-
Aggregate value of quoted investments	-		
Aggregate value of unquoted investments	**6,898.43**	**6,842.90**	6,852.93
Aggregate amount of impairment in the value of investments	-	-	-

Note:

Mutual funds of Rs. 354.79 lakhs (as at 31st March, 2017: Rs. 327.01 lakhs and as at 1st April, 2016: Rs. 301.03 lakhs) are hypothecated against ECB Term Loan from Standard Chartered Bank. (Refer note 23)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 9 Non-current financial assets - Loans			
Unsecured, considered good unless stated otherwise			
Security deposits (Refer note below)	654.50	732.89	366.28
Other loans and advance	723.46	713.35	589.22
Allowance for Bad and Doubtful Advances	(156.10)	(155.62)	(159.19)
TOTAL	**1,221.86**	**1,290.62**	**796.31**

Note:

Security deposits of Rs. Nil (as at 31st March, 2017: Rs. 250 lakhs and as at 1st April, 2016: Rs. 250 lakhs) is given to related party (Refer note 45)

(Rs. in Lakhs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 10 Non-current financial asset - others			
Fixed deposits with remaining maturity for more than 12 months	1,773.53	289.57	396.12
Interest Receivable	313.69	154.44	14.96
TOTAL	**2,087.22**	**444.01**	**411.08**

Note:

Fixed Deposits of Rs. 1,773.53 lakhs (As at 31st March, 2017 Rs. 279.75 lakhs and as at 1st April, 2016 Rs. 297.82 lakhs) pledged as margin money deposit for facilities from Banks.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 11 Non current Tax Assets (Net)			
Taxes paid in advance (Net of Provision for tax)	52.75	115.88	207.24
TOTAL	**52.75**	**115.88**	**207.24**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 12 Other Non-Current Assets			
Unsecured, considered good unless stated otherwise			
Capital Advances	102.35	201.93	163.13
Security Deposits with government authorities	76.62	76.56	53.68
Advance Lease rental	1.76	16.20	38.04
New Market Tax Credit Receivables	1,479.27	1,127.73	-
TOTAL	**1,660.00**	**1,422.42**	**254.85**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 13 Inventories (at lower of cost and net realisable value)			
Raw Materials	2,281.32	1,393.40	1,712.14
Work-In -Progress	768.82	1,554.47	2,173.92
Finished goods	2,423.87	3,170.73	3,678.31
Stores and Spares	105.49	110.34	57.69
Oil & lubricants	64.06	84.94	91.43
Power & Fuel	10.47	12.53	2.49
Packing Materials	162.09	134.84	157.29
TOTAL	**5,816.12**	**6,461.25**	**7,873.27**

Note:

Inventories of Rs. 4,225.20 lakhs (as at 31st March, 2017: Rs. 4,216.35 lakhs and as at 1st April, 2016: Rs. 5,130.83 lakhs) are hypothecated against working capital facilities from banks. (Refer note 28)

Notes to Consolidated Financial Statement for the year ended 31st March, 2018

(Rs. in Lakhs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 14 Investments			
Quoted			
Investment in Equity shares at FVTPL (fully paid)	124.82	-	24.08
TOTAL	**124.82**	**-**	**24.08**
Aggregate value of quoted investments and market value thereof	**124.82**	-	24.08
Aggregate amount of unquoted investments	-	-	-
Aggregate amount of impairment in value of investments	-	-	-

Note:

Investments of Rs. 124.82 lakhs (as at 31st March, 2017: Nil and as at 1st April, 2016: 24.08 lakhs) are hypothecated against working capital facilities from banks. (Refer note 28)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 15 Trade Receivables			
Unsecured, considered good unless stated otherwise			
Trade receivables	8,401.56	8,705.96	7,177.74
Allowance as per Expected credit loss model	(470.44)	(483.68)	(494.25)
TOTAL	**7,931.12**	**8,222.28**	**6,683.49**

Note:

(i) Trade Receivables of Rs. 6,875.27 lakhs (as at 31st March, 2017: 6,481.67 lakhs and as at 1st April, 2016: 5,060.84 lakhs) are hypothecated against working capital facilities from banks. (Refer note 28)

(ii) Movement in the expected credit loss allowance

	As at 31st March 2018	As at 31st March 2017
Balance at the beginning of the year	483.68	494.25
Provision made during the year	(13.24)	(10.57)
Balance at the end of the year	**470.44**	**483.68**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 16 Cash & cash equivalents			
Cash and Cash Equivalents			
Balances with Banks	1,389.25	942.63	1,405.48
Cash on Hand	10.59	9.91	13.92
Cheques on hand (Since deposited)	222.83	-	-
Demand deposits with Banks with original maturity of less than three months	4.13	-	-
TOTAL	**1,626.80**	**952.54**	**1,419.40**

Note:

Demand Deposits of Rs. 4.13 lakhs (As at 31st March, 2017 Rs. Nil and as at 1st April, 2016 Rs. Nil) pledged as margin money deposit for facilities from Banks.

(Rs. in Lakhs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 17 Bank balances other than Cash & Cash equivalents			
Balance in unpaid dividend account	47.22	41.83	65.92
Fixed deposits with remaining maturity for less than 12 months	2,863.57	6,357.56	9,057.90
TOTAL	**2,910.79**	**6,399.39**	**9,123.82**

Note:

Fixed Deposits of Rs. 2,389.88 lakhs (As at 31st March, 2017 Rs. 3,594.44 lakhs and as at 1st April, 2016 Rs. 2,530.46 lakhs) pledged as margin money deposit for facilities from Banks.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 18 Current Loans			
Unsecured, considered good			
Others			
Loans to staff	23.14	26.51	16.29
Others	86.80	79.88	163.40
TOTAL	**109.94**	**106.39**	**179.69**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 19 Other financial assets			
Interest Receivable	37.19	232.11	346.92
Other Receivables	6.00	-	-
Derivative financial assets	-	480.77	56.13
TOTAL	**43.19**	**712.88**	**403.05**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 20 Other Current Assets			
Advances to Suppliers (For Raw Materials and expenses)	220.13	181.97	420.89
Allowance for Bad and Doubtful Advances	(78.09)	(77.85)	(79.63)
Balances with government authorities	795.30	145.56	225.39
Export incentives receivables	77.56	186.51	69.23
Prepaid Expenses	43.78	31.82	141.18
Other receivable	12.30	26.32	7.38
Other Advances			
Salary Advances	-	1.75	7.27
Others	-	1.84	4.05
TOTAL	**1,070.98**	**497.92**	**795.76**

Notes to Consolidated Financial Statement for the year ended 31st March, 2018

(Rs. in Lacs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Equity			
Note 21 Equity Share Capital			
Authorised			
100,000,000 (As at 31st March , 2017: 100,000,000 , As at 1st April, 2016 : 100,000,000) Equity Shares of Rs 1 each	1,000.00	1,542.22	1,000.00
Issued, Subscribed and Paid up			
83,503,000 (As at 31st March , 2017: 83,503,000 , As at 1st April, 2016 : 83,503,000) Equity Shares of Rs 1 each	835.03	835.03	835.03
TOTAL	**835.03**	**835.03**	**835.03**

	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Note 21.1 Reconciliation of number of equity shares :						
Opening Balance	835.03	835.03	835.03	835.03	835.03	835.03
Changes during the year	-	-	-	-	-	-
Closing Balance	**835.03**	**835.03**	**835.03**	**835.03**	**835.03**	**835.03**

Note 21.2 Terms / Rights attached to Equity Shares

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

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

Note 21.3 During the 5 years immediately preceding the balance sheet date, there were no equity shares allotted as fully paid up pursuant to contract without payment being received in cash, no bonus shares were issued and there was no buy-back of equity shares of the Company.

Note 21.4 Shares held by shareholders each holding more than 5% of the shares	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Shareholders			
Hindustan Cotton Company - through its partners			
No. of Shares	111.65	211.65	211.65
Percentage	13%	25%	25%
Satidham Industries Private Limited			
No. of Shares	231.02	129.95	127.48
Percentage	28%	16%	15%
HDFC Small & Midcap Fund			
No. of Shares	34.38	74.38	74.38
Percentage	4%	9%	9%

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 22 Other Equity			
Capital reserve	183.46	183.46	183.46
Securities premium reserve	4,529.00	4,529.00	4,529.00
General reserve	8,274.38	8,274.38	8,274.38
Foreign Currency Translation Reserve	36.92	24.98	-
Foreign currency monetary item translation difference account	9.38	18.70	(26.46)
Retained Earnings	13,427.33	11,940.69	8,743.63
TOTAL	**26,460.47**	**24,971.21**	**21,704.01**

(Rs. in Lacs)

The movement in other Equity:

	As at 31st March 2018	As at 31st March 2017
Note 22.1 Capital reserve		
Balance as at beginning of the year	183.46	183.46
Movement during the year	-	-
Balance as at end of the year	**183.46**	**183.46**

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

	As at 31st March 2018	As at 31st March 2017
Note 22.2 Securities premium reserve		
Balance as at beginning of the year	4,529.00	4,529.00
Movement during the year	-	-
Balance as at end of the year	**4,529.00**	**4,529.00**

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

	As at 31st March 2018	As at 31st March 2017
Note 22.3 General reserve		
Balance as at beginning of the year	8,274.38	8,274.38
Movement during the year	-	-
Balance as at end of the year	**8,274.38**	**8,274.38**

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

	As at 31st March 2018	As at 31st March 2017
Note 22.4 Foreign Currency Translation Reserve		
Balance as at beginning of the year	24.98	-
Movement during the year	11.94	24.98
Balance as at end of the year	**36.92**	**24.98**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

	As at 31st March 2018	As at 31st March 2017
Note 22.5 Foreign currency monetary item translation difference account		
Balance as at beginning of the year	18.70	(26.46)
Movement during the year	(9.32)	45.16
Balance as at end of the year	**9.38**	**18.70**

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

(Rs. in Lacs)

	As at 31st March 2018	As at 31st March 2017
Note 22.6 Retained earnings		
Balance as at beginning of the year	11,940.69	8,743.63
Profit for the year	2,417.12	3,410.53
Re measurement of Net defined benefit plans (net of tax)	(11.00)	(3.76)
Dividend	(919.48)	(209.71)
Balance as at end of the year	**13,427.33**	**11,940.69**

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

	As at 31st March 2018	As at 31st March 2017
Proposed dividend on equity shares not recognised		
Final dividend for the year ended Rs 1.10 per share (previous year 1.10 per share)	918.53	918.53
TOTAL	**918.53**	**918.53**

Note:

The above is subject to approval of shareholders at the ensuing annual general meeting of the Company.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 23 Non-current borrowings			
Term loans:			
Secured Loans - From Banks			
Standard Chartered Bank (Foreign Currrency Loan) (refer note (i))	-	-	78.77
DBS Bank (Foreign Currrency Loan) (refer note (ii))	-	-	132.66
Yes Bank (Rupee Term Loan) (refer note (iii))	1,500.00	1,500.00	1,500.00
Indusind Bank (Rupee term loan) (refer note)iv))	1,450.00	1,500.00	-
Standard Chartered Bank (Foreign Currency Loan) (refer note (v))	975.60	1,621.00	2,321.55
			-
Citi Bank NA,USA	-	45.90	789.32
Bank of America	-	182.38	435.30
			-
Secured Loans - From others			-
NNMF Sub-CDE XXIII, LLC Loan "A" (Refer note 8)	5,934.20	5,915.95	6,051.90
(Investment in U.S. Bancorp Community Development Corporation Investment fund 8, LLC)			-
NNMF Sub-CDE XXIII, LLC Loan "B"	2,436.45	2,428.96	2,484.77
			-
Unsecured Loans - From others			-
Other loans and advances	113.68	517.97	325.09
TOTAL	**12,409.93**	**13,712.16**	**14,119.36**

(Rs. in Lacs)

Note:

Nature of security	Terms of repayment
(i) Exclusive charge on wind turbine generator financed and situated at Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat and personal guarantee of managing director	Term loan of USD 19,00,000 is repayable in 16 equal quarterly installment of USD 1,18,750 each till June 2017)
(ii) Exclusive charge on wind turbine generator financed and situated at Sangli Dist. Maharashtra and personal guarantee of managing director	Term loan of USD 30,00,000 is repayable in 15 equal quarterly installment of USD 2,00,000 each till June 2017
(iii) Lien on Fixed Deposits of Rs. 1,500 lakhs with Yes Bank Ltd	Term loan of Rs.1,500 lakhs is bullet repayment after 60 months (Date: 10th March, 2021)
(iv) Lien on Fixed Deposits of Rs. 1,500 lakhs with Indusind Bank Ltd	Term loan of Rs.1,500 lakhs is repayable Every year payment of Rs.50 lakhs from 1st to 4th year end and balance of Rs. 1300 lakhs in 5th year. Repayment starting from May 2017 .
(v) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Lien on marketable securities of INR 187.6 lakhs in the form of debt mutual funds."	Term loan of USD 40,00,000 is repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 24 Other financial liabilities			
Creditors for capital goods	147.42	59.67	90.61
Security deposits payable	1.00	1.00	1.00
TOTAL	**148.42**	**60.67**	**91.61**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 25 Provisions			
Provision for employee benefits	92.39	-	-
Gratuity (Refer note 44)			
TOTAL	**92.39**	-	-

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 26 Tax Expense and Deferred Tax Liabilities (Net) and Differed Tax Assets (Net)		
(a) Amounts recognized in profit and loss		
Current tax expense (A)		
In respect of current year	1,510.74	1,204.93
	1,510.74	1,204.93
Deferred tax expense (B)		
In respect of current year	565.62	1,228.90
	565.62	**1,228.90**
Mat credit entitlement (C)	**(145.39)**	**(492.70)**
Adjustments for earlier years (D)	**182.22**	**-**
Tax expense recognized in the income statement (A+B+C+D)	**2,113.19**	**1,941.13**

(Rs. in Lacs)

b) Amounts recognized in other comprehensive income

	For the year ended 31st March, 2018			'For the year ended 31st March, 2017		
	Before Tax	Tax (Expense) benefit	'Net of tax	Before Tax	Tax (Expense) benefit	'Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of the defined benefit plans	(16.91)	5.91	(11.00)	(3.76)	--	(3.76)
	(16.91)	**5.91**	**(11.00)**	**(3.76)**	**--**	**(3.76)**

(c) Reconciliation of effective tax rate

	For the year ended 31st March, 2018		'For the year ended 31st March, 2017	
	%	Amounts	%	Amounts
Profit before Tax		**4,538.33**		**5,370.77**
Tax using the Company's domestic tax rate	34.61%	1,570.63	34.61%	1,858.72
Tax effect of:				
Disallowable expenses	0.65%	29.54	0.42%	22.57
Income / Expenses not considered in Income Tax Act	-1.17%	(53.01)	0.00%	-
Investment allowances	-	-	-4.24%	(227.62)
Tax-exempt income	-0.07%	(3.01)	-0.05%	(2.65)
Tax holidays and similar exemptions	-1.44%	(65.58)	-1.49%	(80.12)
Tax impact of overseas subsidiaries (net)	15.21%	690.38	7.80%	418.84
Tax paid at lower rate	-5.48%	(248.70)	-0.68%	(36.40)
Other non deductible differences	3.44%	156.10	-0.23%	(12.21)
	45.75%	**2,076.35**	**36.14%**	**1,941.13**
Mat credit entitlement	-3.20%	(145.39)	-	-
Adjustments for earlier years	4.02%	182.22	-	-
Effective income tax rate	**46.57%**	**2,113.19**	**36.14%**	**1,941.13**

(d) Movement in deferred tax

	As at 31st March, 2017				As at 31st March, 2018		
	Net balance April 1, 2017	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax (Asset)/Liabilities							
Property, plant and equipment	(2,788.55)	(455.17)	-	-	(3,243.72)	-	(3,243.72)
Fair valuation of Mutual Funds	(9.35)	(9.71)	-	-	(19.06)	-	(19.06)
Fair valuation of loan given to	(61.10)	61.10	-	-	-	-	-
subsidiary				-			-
Employee benefits	-	39.92	5.91	-	45.83	45.83	-
Fair valuation of Equity shares	-	3.43	-		3.43	3.43	-
Fair valuation of derivatives	-	-	-	-	-	-	-
Amortisation of Foreign currency	(2.69)		-				-
monetary item translation		3.28	-		0.59	0.59	-
difference account			-	-			
Fair valuation of Security Deposits	0.69	(0.61)		-	0.08	0.08	
Allowance for expected credit losses	6.21	(5.07)		-	1.14	1.14	
	(2,854.78)	**(362.83)**	**5.91**	-	**(3,211.70)**	**51.08**	**(3,262.78)**
MAT credit entitlement	492.70	145.39	-	-	638.08	638.08	-
Less: MAT credit utilised	-	-	-	-	(226.63)	(226.63)	-
Tax assets (Liabilities)	**(2,362.08)**	**(217.44)**	**5.91**		**(2,800.24)**	**462.54**	**(3,262.78)**

(Rs. in Lacs)

	As at 1st April, 2016				As at 31st March, 2017		
	Net balance April 1, 2016	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Property, plant and equipment	(1,877.41)	(911.14)	-	-	(2,788.55)	-	(2,788.55)
Fair valuation of Mutual Funds	(0.36)	(8.99)	-	-	(9.35)	-	(9.35)
Fair valuation of loan given to subsidiary	(118.16)	57.06	-	-	(61.10)	-	(61.10)
Fair valuation of Equity shares	1.43	(1.43)	-	-	-	-	-
Fair valuation of derivatives	21.44	(21.44)	-	-	-	-	-
Amortisation of Foreign currency monetary item translation difference account	(9.16)	6.47	-	-	(2.69)	-	(2.69)
Fair valuation of Security Deposits	1.20	(0.51)			0.69	0.69	-
Allowance for expected credit losses	6.17	0.05	-	-	6.21	6.21	-
	(1,974.85)	**(879.93)**	-	-	**(2,854.78)**	**6.90**	**(2,861.68)**
MAT credit entitlement	**-**	492.70	-	-	492.70	492.70	
Tax assets (Liabilities)	**(1,974.85)**	**(387.24)**	-	-	**(2,362.08)**	**499.60**	**(2,861.68)**

(e) Movement in deferred tax Assets (Net)

	As at 31st March, 2017				As at 31st March, 2018		
	Net balance April 1, 2017	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Net operating loss carry forwards	3,072.12	450.45	-	-	3,522.57	3,522.57	-
Valuation allowance	(2,559.88)	(654.39)	-	-	(3,214.28)	-	(3,214.28)
Exchange rate difference	-	0.28	-	-	-	-	-
Others	1.72	0.88	-	-	2.60	2.60	-
Tax assets (Liabilities)	**513.96**	**(202.79)**	-	-	**310.89**	**3,525.16**	**(3,214.28)**

	As at 1st April, 2016				As at 31st March, 2017		
	Net balance April 1, 2016	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Net operating loss carry forwards	2,548.40	523.72	-	-	3,072.12	3,072.12	-
Valuation allowance	(1,089.80)	(1,470.08)	-	-	(2,559.88)	-	(2,559.88)
Charitable Contributions	66.99	(66.99)	-	-	-	-	-
Startup cost	382.72	(382.72)	-	-	-	-	-
UNICAP	49.75	(49.75)	-	-	-	-	-
State credit carryforwards	163.84	(163.84)	-	-	-	-	-
Depreciation and amortisation	(1,261.60)	1,261.60	-	-	-	-	-
Exchange rate difference	-	7.92	-	-	-	-	-
Others	**10.54**	**(8.82)**	-	-	**1.72**	**1.72**	**-**
Tax assets (Liabilities)	**870.84**	**(348.96)**	-	-	**513.96**	**3,073.84**	**(2,559.88)**

Note:

Deferred Tax Liability (DTL) in respect of temporary difference related to undistributed earnings in subsidiaries has not been recognised because the company controls the Dividend Policies of its subsidaries.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 27 Other non-current liabilities			
Deferred income arising from government grants	5.93	6.71	7.49
TOTAL	**5.93**	**6.71**	**7.49**

Note:

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2018

(Rs. in Lacs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 28 Borrowings			
Loan Repayable on Demand - From Bank			
Secured			
Packing Credit Loan	5,416.31	4,540.23	6,678.65
(note no. (i),(ii),(iii) & (iv)			
Foreign Bill Discounting	210.63	2,445.02	2,353.53
(note no. (iv)			
Buyers Credit	818.74	221.26	201.39
(note no. (i),(iii) & (iv)			
Overdraft account	1.49	980.92	1.55
(note no. (i)			
Working Capital Demand Loan	1,300.80	1,296.80	1,326.60
(note no. (v), (vi) & (vii)			
TOTAL	**7,747.97**	**9,484.23**	**10,561.72**

Note:

Term of repayment and securities for current borrowings

All the working capital facilities are secured against:

i) First pari passu charge on entire current assets of the Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.

ii) Second pari passu charge on the entire Movable fixed assets, excluding the movable fixed assets situated or kept at unit no. 1, of the Company. (save and except for vehicles).

iii) Second pari passu charge on immovable fixed assets of the Company situated at silvassa plant unit II bearing survey no. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Amli, Silvassa Union Territory of Dadra & Nagar Haveli.

iv) The facilities are further secured by personal guarantee of Managing Director.

v) Second pari passu charge on entire current assets of the Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.

vi) First pari passu charge on the entire Movable fixed assets, excluding the movable fixed assets situated or kept at unit no. 1, of the Company. (save and except for vehicles).

vii) First pari passu charge on immovable fixed assets of the Company situated at silvassa plant unit II bearing survey no. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Amli, Silvassa Union Territory of Dadra & Nagar Haveli.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 29 Trade payables			
Dues to Micro, Small and Medium enterprises			
Others	1,270.74	1,585.02	1,661.56
TOTAL	**1,270.74**	**1,585.02**	**1,661.56**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 30 Other financial liabilities			
Current maturities of long term borrowings	894.03	2,170.03	2,234.73
Creditors for Capital goods	1,532.61	2,766.58	1,951.69
Unpaid dividend (refer note (i) & (ii))	47.22	41.83	65.91
Salaries , wages & other payable	30.99	30.47	10.39
Book overdraft	834.88	762.90	-
Derivative financial liabilities	49.11	-	-
Others	457.20	339.30	539.23
TOTAL	**3,846.04**	**6,111.11**	**4,801.95**

(Rs. in Lacs)

Note:

(i) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Act, as at the year end.

(ii) Amount of Rs. 4.17 lakhs (As at 31st March, 2017: 5.41 lakhs) is transferred to Investor Education and Protection Fund during the year.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 31 Other current liabilities			
Deferred income arising from government grants	0.78	0.78	0.78
Statutory dues	419.22	230.57	178.04
Creditors for Capital goods and expenses	13.61	-	-
Advance from customers	71.83	234.41	28.84
Advance against investment property	-	554.25	553.25
Other liabilities	57.57	55.27	47.19
TOTAL	**563.01**	**1,075.28**	**808.10**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 32 Provisions			
Provision for employee benefits (Refer note 44)			
Gratuity	10.32	65.88	78.52
Leave Encashment	13.85	1.86	3.68
Bonus	14.59	11.17	6.91
TOTAL	**38.76**	**78.91**	**89.11**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Note 33 Current Tax Liabilities			
Provision for Tax (Net of Taxes paid in advance)	87.98	-	-
TOTAL	**87.98**	-	-

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 34 Revenue From Operations		
Sale of Products/ Services	29,623.25	30,994.98
Other Operating Revenues	1,006.79	1,190.96
Revenue from operations	**30,630.04**	**32,185.94**

Note:

In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the pervious year ended 31st March 2017 and for the period 1st April to 30 June 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/Sales Tax. Excise Duty was reported as a separate expenses line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of Sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under the pre-GST structure of indirect taxes. With the change in structure of indirect taxes, expenses are also being reported net of taxes. Accordingly, Financial Statements for the year ended 31st March 2018 and in particular, Sales, absolute expenses, elements of Working Capital (Inventories, Trade payable, other current assets/current liabilities etc.) and ratios in percentage of sales, are thus not comparable with the figures of the pervious year.

(Rs. in Lacs)

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 35 Other Income		
a) Interest income		
Instruments measured at amortised costs		
- on fixed deposits with bank	374.65	820.19
- others	16.21	89.81
b) Dividend Income		
- Dividend Income from Current investments at FVTPL	8.69	7.68
c) Other non-operating Income (Net of expenses directly attributable to such income)		
- Gain on disposal of investment property	840.96	-
- Gain on disposal of property, plant and equipment	75.12	-
- Gain on sale of current investments	27.21	15.53
- Fair Valuation gain on Investments	8.15	25.97
- Fair Valuation gain on derivatives	-	61.96
- Gain or loss on foreign currency transaction and translation (net)	78.53	476.16
- Government grants - Deferred Income (Refer note)	0.78	0.78
- Provision for doubtful receivables written back	14.68	-
- Miscellaneous Income	384.36	1,204.91
TOTAL	**1,829.34**	**2,702.99**

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

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 36 Cost of material consumed		
Inventories at the beginning of the year	1,396.48	1,712.14
Purchases	14,403.89	11,953.74
Inventories at the end of the year	(2,281.32)	(1,396.49)
TOTAL	**13,519.05**	**12,269.39**

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 37 Purchase of stock-in-trade		
Purchase of cotton bales	-	57.07
Purchases of Yarn	25.19	34.64
TOTAL	**25.19**	**91.71**

(Rs. in Lakhs)

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 38 Changes in inventories of finished goods (including stock in trade) and work in progress		
Closing inventories		
Work-in-progress	768.82	1,554.47
Finished goods	2,423.87	3,196.17
Opening inventories		
Work-in-progress	1,554.47	2,173.92
Finished goods	3,196.17	3,678.31
TOTAL	**1,557.95**	**1,101.59**

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 39 Employee benefits expense		
Salaries and wages, bonus etc.	1,357.75	2,045.71
Contribution to provident and other funds	77.42	61.55
Staff welfare expenses	206.62	312.82
TOTAL	**1,641.79**	**2,420.08**

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 40 Finance costs		
a) Interest on financial liabilities carried at amortised cost		
Interest on borrowings	436.42	490.58
Exchanges differences regarded as an adjustment to borrowing costs	64.44	-
Interest expense on security deposits	14.44	27.12
b) Other interest cost		
Interest on Income tax	10.79	-
c) Other borrowing costs	208.67	197.80
TOTAL	**734.76**	**715.50**

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 41 Depreciation and amortisation expenses		
Depreciation on property, plant and equipment	1,912.76	1,867.12
Amortisation of intangible assets	102.38	102.23
TOTAL	**2,015.14**	**1,969.35**

"There are two kinds of strength. Power and the ability to wield it is obvious, but resilience, the ability to resist power, is the other."

- Raymond E. Feist

(Rs. in Lakhs)

	For the year ended 31st March 2018	For the year ended 31st March 2017
Note 42 Other expenses		
Consumption of stores and spare parts	350.65	460.40
Power and fuel	1,503.64	1,941.56
Consumption of packing materials	1,333.66	1,375.96
Consumption of oils and chemicals	413.92	555.72
Labour charges	1,495.06	1,347.89
Clearing and forwarding charges	65.07	60.48
Repairs and Maintenance:		
- Building	45.18	63.06
- Machinery	84.50	146.62
- Others	50.92	62.63
Excise duty expenses	426.06	2,202.10
Water, waste and effulient treatment charges	58.74	63.59
Rent	51.63	53.41
Insurance	166.60	139.60
Director sitting fees	2.00	2.00
Legal, professional and consultancy charges	187.41	191.16
Bank charges	103.49	111.34
Fair Valuation loss on derivatives	49.11	-
Corporate Social Responsibility Expenses	50.12	59.94
Miscellaneous expenses	643.57	811.24
Payments to auditor:		
- Audit fees	8.79	10.00
- for taxation matters	-	-
- for certification	2.18	-
- for other services	-	-
Freight and forwarding charges	995.51	928.94
Commission on sales	339.37	362.75
Provision for doubtful receivables	-	0.14
TOTAL	**8,427.18**	**10,950.53**

	As at 31st March 2018	As at 31st March 2017
Note 43 Earnings per share (EPS)		
Profit for the year	**2,417.12**	**3,410.53**
Equity shares outstanding at the beginning and at the end of the year - (Nos)	835.03	835.03
Nominal value of each share (in Re.)	1	1
Basic and Diluted earning per share	2.89	4.08

44 Employee benefits

A Defined Contribution plans:

The Company contributes to the Government managed provident and pension fund for all qualifying employees.

Contribution to provident fund of Rs. 47.32 lakhs (31st March, 2017: Rs. 43.64 lakhs) is recognised as an expense and included in "Contribution to provident and other funds" in Statement of Profit and Loss.

B Defined benefit plans:

The Company has defined benefit plan for payment of gratuity to all qualifying employees. It is governed by the Payment of Gratuity Act, 1972.

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

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

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

(Rs. in Lakhs)

Reconciliation in present value of obligations (PVO)	For the year ended 31st March 2018	For the year ended 31st March 2017
PVO at the beginning of the year	191.28	176.32
Interest cost	13.87	14.11
Current service cost	19.64	13.39
Benefits paid	(10.21)	(10.10)
Actuarial (Gains)/Losses	17.33	(2.44)
PVO at the end of the year	**231.91**	**191.28**

Reconciliation of Fair value of plan assets:	For the year ended 31st March 2018	For the year ended 31st March 2017
Fair value of plan assets at the beginning of the year	125.40	97.80
Adjustments:		
Return on plan assets excl. interest income	0.43	1.33
Interest income	9.09	7.82
Contributions by the employer	4.49	28.55
Benefits paid	(10.21)	(10.10)
Fair value of plan assets at the end of the year	**129.20**	**125.40**

Net Liabilities / (Assets) recognised in the balance sheet:	For the year ended 31st March 2018	For the year ended 31st March 2017
PVO of the defined benefit obligation at the end of period	231.91	191.28
Fair value of planned assets at end of year	(129.20)	(125.40)
Net liabilities / (Assets) recognised in the balance sheet	**102.71**	**65.88**

Amount recognised in Statement of Profit and Loss	For the year ended 31st March 2018	For the year ended 31st March 2017
Current service cost	19.64	13.39
Net interest	4.78	6.28
Net charge to the statement of profit or loss	**24.42**	**19.68**

Amount recognised in Other Comprehensive Income (OCI)	2017 - 2018	2016 - 2017
Actuarial (Gain)/Loss recognised for the period	17.34	(2.43)
Return on plan assets excluding net interest	(0.43)	(1.33)
Recognised in OCI for the year	**16.91**	**(3.76)**

Expected Payout	2017 - 2018	2016 - 2017
Expected Outflow in 1st Year	20.54	14.45
Expected Outflow in 2nd Year	2.24	1.20
Expected Outflow in 3rd Year	13.49	15.55
Expected Outflow in 4th Year	9.45	9.42
Expected Outflow in 5th Year	12.30	9.81
Expected Outflow in 6th to 10th Year	128.92	134.14

The average duration of the defined benefit plan obligations at the end of reporting period is 39 years.

Major category of plan assets as a % of total plan

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

(Rs. in Lakhs)

Sensitivity analysis

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

	As at 31st March 2018	As at 31st March 2017
Impact on present value of defined benefit obligation:		
If discount rate is increased by 1%	(19.27)	(12.74)
If discount rate is decreased by 1%	22.63	24.81
If salary escalation rate is increased by 1%	21.37	23.54
If salary escalation rate is decreased by 1%	(18.51)	(11.93)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

Principal Actuarial Assumptions	As at 31st March 2018	As at 31st March 2017
Discount Rate	7.75%	7.25%
Expected return on plan assets	9.46	0.09
Expected rate of salary increase	8.50%	8.50%
Employee attrition rate	1.00%	1.00%
Mortality	Indian Assured Lives (2006-08)	Indian Assured Lives (2006-08)

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

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

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

(b) Salary risk: the present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, a variation in the expected rate of salary increase of the plan participants will change the plan liability.

C Other short term and long term employment benefits

Short term leave

The liability towards compensated absences (annual and short term leave) for the year ended 31 March 2018 of Rs. 13.85 lakhs (31 March 2017: Rs. 1.86 lakhs), is included in the 'Employee benefits expense' in the Statement of Profit and Loss.

Note 45 Related party disclosures

(a) Joint Ventures of Subsidiary (Refer Note 54)

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

(b) Entities controlled by Key Managerial Personnel

Satidham Industries Private Limited.
Hindustan Cotton Company.

(c) Key Managerial Personnel

(i) Executive Director

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

(ii) Non Executive Director

Arun Vaid - Independent and Non Executive Director (Till 12th December, 2017)
Shreya Desai - Independent and Non Executive Director (From 12th December, 2017)
Parantap Dave - Independent and Non Executive Director
Neha Jhunjhunwala - Non Executive Director
Jigar A Shah - Independent and Non Executive Director

(Rs. in Lakhs)

2. Details of transactions with above related parties

Nature of Transaction	Entities controlled by Key Managerial Personnel		Key Managerial Personnel	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
(a) Rent paid				
Hindustan Cotton Company	--	6.00	--	--
(c) Remuneration *				
Madhusudan Jhunjhunwala - Chairman	--	--	138.00	147.00
Krishna Jhunjhunwala - Managing Director	--	--	138.00	132.00
(c) Sitting Fees				
Arun Vaid - Independent and Non Executive Director	--	--	--	0.10
Shreya Desai - Independent and Non Executive Director	--	--	0.20	-
Parantap Dave - Independent and Non Executive Director	--	--	0.80	0.70
Neha Jhunjhunwala - Non Executive Director	--	--	0.20	0.50
Jigar A Shah - Independent and Non Executive Director	--	--	0.80	0.70
(d) Security deposit repaid				
Hindustan Cotton Company	250.00	--	--	--
(e) Advance towards property purchased				
Satidham Industries Private Limited	110.00	--	--	--
(f) Repayment of advance				
Satidham Industries Private Limited	110.00	--	--	--

* Managing Director's remuneration is Rs. 138 lakhs (as at 31st March, 2017: 147 lakhs) and whole time Director's remuneration is Rs. 138 lakhs (as at 31st March, 2017: 132 lakhs) is in accordance with section 197(12) of Act and Rules thereunder.

Key management personnel compensation	2017- 2018	2016 - 2017
Short-term employee benefits	276.00	279.00
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Others (including sitting fees to non-executive directors)	2.00	2.00

3. Balances Outstanding

Nature of Transaction	Entities controlled by Key Managerial Personnel	
	As at 31st March, 2018	As at 31st March, 2017
(a) Security Deposits		
Hindustan Cotton Company	--	250.00

Notes:

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

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

(c) No expense has been recognised for the year ended 31st March 2018 and 31st March 2017 for bad or doubtful trade receivables in respect of amounts owed by related parties.

46 Products from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purpose of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Segments have been identified and reported taking into account the nature of products, the integration of manufacturing processes, the organization structure and the internal financial reporting systems.

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments" the Company has disclosed segment information only on the basis of the consolidated financial statements.
"The Group is predominantly involved into activity of manufacturing and processing of synthetic yarn which mainly have similar risk and nature. The Group has also diversified its activities into Wind Power Generation. Accordingly, the Group's business segment falls under two segments: i) Manufacturing of Yarn ii) Generation of Wind Power"

Segment revenue and results
The following is an analysis of the Group's revenue and results from operations by reportable segment

Segment revenue (Rs. in Lakhs)

Segment	For the year ended 31st March 2018	For the year ended 31st March 2017
Yarn	29,920.28	31,415.09
Generation of Wind Power	835.61	896.71
	30,755.89	32,311.80
Elimination of Intersegment revenues	(125.85)	(125.85)
Unallocated	-	-
	30,630.04	**32,185.94**

Segment Results

Segment	For the year ended 31st March 2018	For the year ended 31st March 2017
Yarn	4,206.72	3,986.85
Generation of Wind Power	351.24	510.81
	4,557.96	4,497.65
Finance costs	(734.76)	(715.50)
Other expenses	(1,114.21)	(1,114.37)
Other income	1,829.34	2,702.99
Profit before tax	**4,538.33**	**5,370.77**
Current Tax	**(1,547.57)**	**(712.23)**
Deferred Tax	**(565.62)**	**(1,228.90)**
Profit after tax	**2,425.14**	**3,429.64**

Notes:
Segment revenue consist of sales of products including excise duty.
Segment profit represents the profit before tax earned by each segment without allocation of finance cost, other expenses, as well as other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

Segment assets	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
Yarn	45,993.69	48,274.18	48,099.23
Generation of Wind Power	9,232.16	9,501.53	6,061.33
Total segment assets	**55,225.85**	**57,775.70**	**54,160.56**
Unallocated	1,089.05	2,507.57	2,474.29
Consolidated Total assets	**56,314.90**	**60,283.27**	**56,634.84**

(Rs. in Lakhs)

Segment liabilities	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Yarn	25,092.76	29,925.94	29,670.88
Generation of Wind Power	3,918.66	4,550.24	4,444.87
Total segment liabilities	**29,011.41**	**34,476.18**	**34,115.74**
Unallocated			
Consolidated Total liabilities	**29,011.41**	**34,476.18**	**34,115.74**

For the purpose of monitoring segment performance and allocation resources between segments:
All assets are allocated to reportable segments other than investments, deferred tax assets, non current tax assets, bank balances other than cash and cash equivalent

All liabilities are allocated to reportable segments other than borrowings, interest accrued on loans, provision for compensated absences, unpaid dividend and interim dividend payable.

	Depreciation and Amortisation		Capital Expenditure	
Other segment information	**For the year ended 31st March 2018**	**For the year ended 31st March 2017**	**For the year ended 31st March 2018**	**For the year ended 31st March 2017**
Yarn	1,580.01	1,650.91	1,717.25	4,427.66
Generation of Wind Power	435.13	318.44	27.66	3,172.06
Unallocated	-	-	(1,580.62)	(68.55)
	2,015.14	**1,969.35**	**164.29**	**7,531.17**

Revenue from major products	For the year ended 31st March 2018	For the year ended 31st March 2017
Yarn	29,415.99	29,876.07
Generation of Wind Power	835.61	896.71
Excise duty on sale of goods	378.44	1,413.17
	30,630.04	**32,185.94**

Geographical information
The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below:

	Revenue from External Customers		Non Current Assets*	
	For the year ended 31st March 2018	**For the year ended 31st March 2017**	**For the year ended 31st March 2018**	**For the year ended 31st March 2017**
India	24,735.45	23,957.90	19,472.09	20,800.24
U.S.A.	1,332.74	3,422.57	6,690.08	7,023.88
Other countries	4,561.85	4,805.46	0.57	15.01
	30,630.04	**32,185.93**	**26,162.74**	**27,839.13**

* Non-current assets exclude those relating to financial assets and deferred tax assets.

Note 47.1 Contingent liabilities not provided for:

(a)Claims against the Company not acknowledged as debt;

The Claims 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.1,553.01 lakhs (As at 31st March, 2017: Rs. 1,627.67 lakhs, as at 1st April, 2016: Rs. 1,196.62 lakhs).

The Differential CST liability in respect of Non Collection of C Forms of Rs. 41.50 lakhs (As at 31st March, 2017: Rs. 3,203.42 lakhs, as at 1st April, 2016: Rs. 2,604.20 lakhs).

(b) Guarantees excluding financial guarantees;

Bank Guarantees issued by Banks on behalf of the company Rs.742.71 lakhs (As at 31st March, 2017: Rs. 662.74 lakhs, as at 1st April,2016: Rs. 593.38 lakhs). These are secured by the charge created in favour of the company's bankers by way of pledge of all Fixed Deposit Receipts.

(Rs. in Lakhs)

Note 47.2 Capital Commitment

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
For capital expenditures (net of advances)	863.19	-	-

Note 48 Financial instruments

A Capital Management:

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

The capital structure of the Group consists of net debt (borrowings as detailed in notes 23, 28 and 30) and total equity of the Group.

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

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

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Non-current borrowings	12,409.93	13,712.16	14,119.36
Current maturities of non-current borrowings	894.03	2,170.03	2,234.73
Current borrowings	7,747.97	9,484.23	10,561.72
Total Debt	**21,051.93**	**25,366.42**	**26,915.81**
Equity	27,303.49	25,807.10	22,519.10
Net debt to equity ratio	**0.77**	**0.98**	**1.20**

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

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

i) Classification of Financial Assets and Liabilities:

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Financial assets			
At Amortised cost			
Investments in Debentures	109.43	99.94	-
Investment in U.S. Bancorp Community Development	5934.20	5,915.95	6,051.90
Corporation Investment Fund 8, LLC		-	-
Investment-FCT	0.01		
Trade receivables	7931.12	8,222.28	6,683.49
Cash and cash equivalents	1626.80	952.54	1,419.40
Bank balances other than above	2910.79	6,399.39	9,123.82
Loans	1331.80	1,397.01	976.00
Other financial assets	2130.40	676.12	758.01
At Fair value through Profit and Loss			
Investments in equity shares	124.82	-	24.08
Derivative contracts	-	480.77	56.13
Investments in preference shares	500.00	500.00	500.00
Investments in Mutual Funds	354.79	327.01	301.03
Total	**22954.17**	**24,971.01**	**25,893.84**

(Rs. in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Financial liabilities			
At Amortised cost			
Borrowings	20,157.90	23,196.39	24,681.08
Trade payables	1,270.74	1,585.02	1,661.56
Other Financial liabilities (including derivative financial liabilities)	3,994.47	6,171.78	4,893.56
Total	**25,423.10**	**30,953.18**	**31,236.20**

ii) Fair Value Measurements (Ind AS 113):

The fair value of the Financial Assets and Liabilities are included at the amount, at which instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

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

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

Fair Values

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Financial Assets at Fair Value through Profit and Loss			
Investments in equity shares (Level 1)	124.82	-	24.08
Derivative contracts (Level 2)		480.77	56.13
Investments in preference shares (Level 2)	500.00	500.00	500.00
Investments in Mutual Funds (Level 2)	354.79	327.01	301.03
Total	**979.61**	**1,307.78**	**881.24**

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

During the reporting period ending 31st March, 2018 and 31st March, 2017, there was no transfer between level 1 and level 2 fair value measurement.

Key Inputs for Level 1 and 2 Fair valuation Technique:

1. Mutual Funds : Based on Net Asset Value of the Scheme (Level 2)

2. Derivative (forward) contracts : The fair value is determined using quoted forward exchange rates at the reporting date (Level 2)

3. Preference Shares : Based on comparable instruments (Level 2)

4. Listed Equity Investments: Quoted Bid Price on Stock Exchange (Level 1)

"Stay self-funded as long as possible."
-Garrett Camp

(Rs. in Lakhs)

Note 49 Financial risk management objectives (Ind AS 107)

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

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

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

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

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

A Credit risk

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

Trade and other receivables

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

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

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

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

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Not due			
0-180 days	7,442.72	7,632.28	6,258.15
181-365 days	485.13	428.13	65.76
Above 365 days	473.71	645.56	853.83
Total	**8,401.56**	**8,705.97**	**7,177.74**

Movement in provisions of doubtful debts	As at 31st March, 2018	As at 31st March, 2017
Opening provision	(483.68)	(494.25)
Additional provision made	14.68	(0.14)
Restatement of provision	(1.44)	10.70
Closing provision	**(470.44)**	**(483.68)**

Other financial assets

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

B Liquidity risk

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

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

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

Maturity analysis of significant financial liabilities

	As at 31st March, 2018			As at 31st March, 2017			As at 1st April, 2016		
		Contractual cash flows			Contractual cash flows			Contractual cash flows	
Financial liabilities	Carrying amount	Upto 1 year	More than 1 year	Carrying amount	Upto 1 year	More than 1 year	Carrying amount	Upto 1 year	More than 1 year
Borrowings (including Current Maturities of Long-Term Debts)	21,051.93	8,642.00	12,409.93	25,366.42	11,654.26	13,712.16	26,915.81	12,796.45	14,119.36
Trade and other payables	1,270.74	1,270.74	-	1,585.02	1,585.02	-	1,661.56	1,661.56	-
Other financial liabilities (including derivative financial liabilites)	3,100.44	2,952.01	148.42	4,001.74	3,941.07	60.67	2,658.83	2,567.22	91.61
	25,423.11	**12,864.75**	**12,558.35**	**30,953.18**	**17,180.35**	**13,772.83**	**31,236.20**	**17,025.23**	**14,210.97**

C Market risk

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

I Currency Risk

The Group is exposed to currency risk on account of its operating and financing activities. The functional currency of the Group is Indian Rupee. Group's exposure is mainly denominated in U.S. dollars (USD). The USD exchange rate has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Group has put in place a Financial Risk Management Policy to Identify the most effective and efficient ways of managing the currency risks. The Group uses derivative instruments (mainly foreign exchange forward contracts) to mitigate the risk of changes in foreign currency exchange rate.

The Group does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

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

	As at 31st March , 2018			As at 31st March , 2017			'As at 1st April, 2016		
Financial Assets	USD	GBP	EURO	USD	GBP	EURO	USD	GBP	EURO
Cash and cash equivalents	780.88	-	52.76	246.27	-	0.83	0.87	-	
Trade receivables	2,568.93	208.06	1,329.34	2,221.14	167.38	982.94	1,829.70	169.90	1,024.29
Loans	-	-	-	-	-	-	-	-	-
Other Current financial asset	-	-	-	-	-	-	-	-	-
Less: Foreign currency forward exchange contracts	(1,626.00)	(184.56)	(1,156.68)	(2,334.24)	-	(2,804.63)	(1,724.58)	-	(75.09)
Net exposure for assets	**1,723.81**	**23.50**	**225.42**	**133.17**	**167.38**	**(1,820.84)**	**105.99**	**169.90**	**949.20**
Financial liabilities									
Foreign Currency Loans	1,626.00	-	-	2,638.18		-	3,710.33		-
Short term borrowings	6,333.46	137.05	-	6,069.29	53.23	558.78	8,019.65	140.41	1,073.57
Trade and other payables	1,124.13	-	64.07	885.11		40.96	788.02	3.71	69.22
Other Current financial liabilities	-	-	-	-	-	-	-	-	-
Less: Foreign currency forward exchange contracts	(130.08)	-	-	(738.90)	-	-	-	-	-
Net exposure for liabilities	**8,953.51**	**137.05**	**64.07**	**8,853.68**	**53.23**	**599.74**	**12,518.00**	**144.12**	**1,142.79**
Net exposure (Assets - Liabilities)	**(7,229.70)**	**(113.55)**	**161.35**	**(8,720.51)**	**114.15**	**(2,420.58)**	**(12,412.01)**	**25.78**	**(193.59)**

(Rs. in Lakhs)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the net exposure outstanding on receivables or payables in the Group at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% charge in foreign currency rate. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Group's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

Impact on profit or loss	Increase in Exchange rate by 5%			Decrease in Exchange rate by 5%		
Movement in currency (Before tax)	For the year ended 31st March, 2018	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 31st March, 2018	For the year ended 31st March, 2017	For the year ended 31st March, 2016
USD	(361.49)	(436.03)	(620.60)	(361.49)	436.03	620.60
GBP	(5.68)	5.71	1.29	5.68	(5.71)	(1.29)
EURO	8.07	(121.03)	(9.68)	(8.07)	121.03	9.68

II. Interest Rate Risk

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

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

Interest Rate Exposure:	For the year ended 31st March, 2018	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Term loans - long term			
Floating Rate Borrowings	1,869.63	3,791.03	4,556.28
Fixed Rate Borrowings	11,320.65	11,573.18	11,472.72
Non Interest bearing	113.68	517.97	325.09
Short term borrowings	7,747.97	9,484.23	10,561.72
	21,051.93	**25,366.41**	**26,915.82**

Interest rate sensitivities for floating rate borrowings :	Increase in Exchange rate by 0.25%			Decrease in Exchange rate by 0.25%		
Movement in rates	For the year ended 31st March, 2018	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 31st March, 2018	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Term loans - long term	4.67	9.48	11.39	(4.67)	(9.48)	(11.39)
Short term borrowings	19.37	23.71	26.40	(19.37)	(23.71)	(26.40)

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

Note 50 Leases

Operating lease:

The Company procures on lease office premises under operating leases. These rentals recognized in the Statement of Profit and Loss Account for the year is Rs. 15.87 lakhs (31st March, 2017: Rs. 24.06 lakhs). The said lease is renewable at the option of the lessor & lessee. The deposit paid in respect of the same is Rs. Nil (as at 31st March, 2017: 250 lakhs, as at 1st April, 2016: 250 lakhs). The future minimum lease payments and payment profile of cancellable operating leases are as under:

(Rs. in Lakhs)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Not later than one year	19.92	19.92	6.00
Later than one year but not later than five years	9.30	29.22	-
More than five years	-	-	-
TOTAL	**29.22**	**49.14**	**6.00**

Note 51 Service Concession Arrangements

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

The Company in turn has a right to charge the Regulator at the agreed rate as stated in the service concession arrangement. The fair value towards the construction of the Plant has been recognised as an Intangible Asset and is amortized over the useful life of the asset or period of contract whichever is less.

The Company has recognised an intangible asset of Rs. 2232.02 lakhs as at 31st March, 2018 (31st March 2017: Rs. 2232.02 lakhs and 1st April 2016: Rs. 2232.02 lakhs) of which Rs. 96.65 lakhs (Previous year: Rs. 96.65 lakhs) has been amortized during the respective periods."

Note 52 The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in “Foreign Currency Monetary Item Translation Difference Account” and amortized over the balance period of the liability. For the current financial year, the impact on account of above (net of depreciation and amortization) is decrease in profit before tax of Rs. 4.69 lakhs (in Previous year Rs. 6.23 lakhs). The net gain remaining unamortized under Foreign Currency Monetary Item Translation Difference Account as at 31st March 2018 is Rs. 9.38 lakhs (net gain as at 31st March 2017 Rs. 18.70 lakhs and net loss of Rs. 26.46 lakhs as at 1st April 2016). (Also refer note 4A(i)).

Note 53 Disclosures as required under schedule iii to the Companies Act 2013 with respect to Consolidated Financial Statements

	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive income		Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated profit or loss	Amount
Parent	108.70%	29,680.24	166.01%	4,025.98	-22779.00%	-(11.00)	165.55%	4,014.98
Sarla Performance Fibers Limited								
Subsidiaries								
Foreign								
SarlaFlex Inc	-23.84%	(6,509.50)	-70.75%	(1,715.80)	-5777.63%	(2.79)	-70.86%	(1,718.59)
Sarla Overseas Holding Limited	18.50%	5,050.30	48.46%	1,175.23	28656.64%	13.84	49.03%	1,189.07
Intercompany Elimination	-3.39%	(925.55)	-43.93%	(1,065.40)	-	-	-43.93%	(1,065.40)
Non - Controlling Interest in subsidiaries	0.03%	7.99	0.33%	8.02	-	(0.89)	0.29%	7.13

Note 54 Entities not consolidated

Sarla Overseas Holdings Limited has commercial disputes with its JV partners Savitex S.A. De C.V. & MRK S.A. De C.V., resulting into the matter being referred to the appropriate judicial authority in Honduras. The matter being subjudice, the financial performance of both the JV's are not taken in to consideration while preparing the Consolidated Financial Results for the year 2016-17 & 2015-16 & Financial results of Sarla Tekstil have also not been considered as same has not been received.

(Rs. in Lakhs)

Note 55 Transition to Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS. The Group has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Generally Accepted Accounting Principles in India (Indian GAAP) as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the 'Previous GAAP'.

The Significant Accounting Policies set out in Note No. 2 have been applied in preparing the financial statements for the year ended 31st March 2018, 31st March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1st April 2016.

In preparing its Ind AS Balance Sheet as at 1st April 2016 and in presenting the comparative information for the year ended 31st March 2017, the Group has adjusted amounts previously reported in the financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows..

I Explanation of transition to Ind AS

In preparing the financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A Optional Exemptions availed

i Deemed cost for property, plant and equipment, investment property and intangible assets:

The Group has elected to measure all its property, plant and equipment and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS except `one subsidiary where figures have been restated in acordance with Ind AS 16.

ii Service Concession Arrangement

The Group has elected to use the exemption available under Ind AS 101 to continue the carrying value as per Previous GAAP for all of its intangible assets under the service concession arrangements.

iii Long Term Foreign Currency Monetary Items

The Group has elected to continue the policy adopted under Previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance period of the liability.

B Mandatory Exceptions

I Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Group for the relevant reporting dates reflecting conditions existing as at that date.

ii Derecognition of financial assets and financial liabilities

Derecognition of financial assets and liabilities as required by Ind AS 109 is applied prospectively i.e. after the transition date.

iii Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

"You just have to pay attention to what people need and what has not been done."

-Russell Simmons

(Rs. in Lakhs)

II Reconciliation of Balance Sheet as at 1st April, 2016 and 31st March, 2017

	Notes	As at 31st March, 2017(End of the last period presented under previous GAAP)			As at 1st April, 2016 (Date of transition)		
		Previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS balance sheet	Previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS balance sheet
ASSETS							
Non-current Assets							
(a) Property, Plant and Equipment	IA(i), O & P	27,006.75	(4,431.36)	22,575.40	21,065.90	(4,214.86)	16,851.05
(b) Capital work in progress		-	-	-	-	-	-
(c) Investment property	J	1,580.62	-	1,580.62	1,649.18	-	1,649.18
(d) Intangible assets	P	9.45	2,135.36	2,144.81	6.78	2,232.02	2,238.80
(e) Investments accounted for using equity method	O	-	-	-	-	-	-
(f) Financial Assets						-	-
(i) Investments	A	5,769.02	1,073.88	6,842.90	6,818.69	34.24	6,852.93
(ii) Loans	K & O	1,287.89	2.73	1,290.63	655.58	140.72	796.30
(iii) Other financial assets		444.01	-	444.01	411.08	-	411.08
(g) Non-Current Tax Assets (net)		115.88	-	115.88	207.24	-	207.24
(h) Deferred Tax Assets (Net)	F	842.70	(328.74)	513.96	870.84	-	870.84
(i) Other Non-Current Assets	P	1,406.21	16.20	1,422.41	216.81	38.04	254.86
Total non-current assets		**38,462.54**	**(1,531.92)**	**36,930.62**	**31,902.11**	**(1,769.84)**	**30,132.27**
Current assets							
(a) Inventories	O	7,861.73	(1,400.48)	6,461.25	9,266.50	(1,393.23)	7,873.27
(b) Financial Assets							-
(i) Investments	A	-	-	-	23.90	0.18	24.08
(ii) Trade receivables	B	9,542.75	(1,320.47)	8,222.28	7,796.26	(1,112.77)	6,683.50
(iii) Cash and cash equivalents	O	1,012.92	(60.38)	952.54	1,492.35	(72.96)	1,419.40
(iv) Bank balances other than (iii) above		6,399.39	-	6,399.39	9,123.82	-	9,123.82
(v) Loans	O	170.09	(63.70)	106.39	243.40	(63.70)	179.70
(vi) Other financial assets	C	712.88	-	712.88	465.01	(61.96)	403.04
(d) Other current assets	C & O	1,715.76	(1,217.83)	497.93	864.16	(68.40)	795.75
Total current assets		**27,415.52**	**(4,062.87)**	**23,352.66**	**29,275.39**	**(2,772.85)**	**26,502.54**
Total Assets		**65,878.06**	**(5,594.79)**	**60,283.27**	**61,177.50**	**(4,542.69)**	**56,634.81**
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital		835.03	-	835.03	835.03	-	835.03
(b) Other Equity	V	28,528.04	(3,556.82)	24,971.21	25,348.52	(3,644.48)	21,704.04
Equity attributable to equity share holders		**29,363.07**	**(3,556.82)**	**25,806.24**	**26,183.55**	**(3,644.48)**	**22,539.07**
Non controlling interest	V	(8.97)	9.82	0.86	(26.72)	6.79	(19.94)
Total equity		**29,354.10**	**(3,547.00)**	**25,807.10**	**26,156.83**	**(3,637.69)**	**22,519.13**
Liabilities							
Non- Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	L & O	14,122.29	(410.14)	13,712.15	14,575.67	(456.30)	14,119.37
(ii) Other financial liabilities		217.57	(156.90)	60.67	346.45	(254.84)	91.61
(b) Provisions		-	-	-	-	-	-
(c) Deferred tax liabilities (Net)	F	1,922.01	440.07	2,362.08	1,642.10	332.74	1,974.84
(d) Other non-current liabilities	D	(0.78)	7.49	6.71	-	7.49	7.49
Total non- current Liabilities		**16,261.09**	**(119.48)**	**16,141.61**	**16,564.22**	**(370.91)**	**16,193.31**
Current liabilities							
(a) Financial Liabilities							
(i) Borrowings	O	9,709.31	(225.09)	9,484.23	10,786.81	(225.09)	10,561.72
(ii) Trade payables	O	1,616.39	(31.37)	1,585.02	1,618.29	43.27	1,661.56
(iii) Other financial liabilities		6,555.92	(444.80)	6,111.12	4,780.24	21.71	4,801.95
(b) Other current liabilities	D & O	1,165.21	(89.92)	1,075.29	899.15	(91.12)	808.03
(c) Provisions	E & O	1,216.04	(1,137.13)	78.91	371.96	(282.86)	89.11
(d) Current Tax Liabilities (Net)		-	-	-	-	-	-
Total current liabilities		**20,262.87**	**(1,928.31)**	**18,334.56**	**18,456.46**	**(534.09)**	**17,922.37**
Total Equity and Liabilities		**65,878.06**	**(5,594.79)**	**60,283.27**	**61,177.50**	**(4,542.69)**	**56,634.81**

(Rs. in Lakhs)

III Effect of Ind AS adoption on Statement of Profit and Loss for the year ended 31st March, 2017

		Notes	Previous GAAP	Ind AS adjustment	Amount as per Ind AS SOP&L
	Income				
I	Revenue From Operations		32,185.93	-	32,185.93
II	Other Income	A,C,D & L	2,773.09	(70.10)	2,702.99
III	Total Income		**34,959.02**	**(70.10)**	**34,888.92**
IV	**EXPENSES**				
	(a) Cost of raw material consumed		12,269.39	-	12,269.39
	(b) Purchase of Stock-in-trade		91.71	-	91.71
	(c) Changes in Inventories of Finished goods, Stock-in-Trade and work-in-progress		1,101.59	-	1,101.59
	(d) Employee benefits expense	G	2,420.08	-	2,420.08
	(e) Finance costs		715.50	-	715.50
	(f) Depreciation and amortization expense	N	1,784.61	184.74	1,969.35
	(g) Other expenses	B & P	10,954.54	(3.99)	10,950.55
	Total expenses (a to g)		**29,337.43**	**180.75**	**29,518.18**
V	**Profit before share of net profits of investment accounted for using equity method and tax (III-IV)**		5,621.59	(250.86)	5,370.73
VI	**Share of net profit/(loss) of Associates and joint ventures accounted for using the equity method**		-	-	-
VII	**Profit before tax (V+VI)**		**5,621.59**	**(250.86)**	**5,370.73**
VIII	**Tax expense:**				
	Current tax		1,204.93	-	1,204.93
	Deferred tax	F	781.42	447.47	1,228.90
	MAT Credit Entitlement		(492.70)	-	(492.70)
	Total tax expense		**1,493.65**	**447.47**	**1,941.13**
IX	**Profit / (Loss) for the year (VII-VIII)**		**4,127.94**	**(698.33)**	**3,429.60**
X	**Other Comprehensive Income**				
A	(i) Items that will not be reclassified to profit or loss				
	- Remeasurement of Defined benefit plans	G	(3.76)	-	(3.76)
	(ii) Income tax relating to items that will not be reclassified to profit or loss				
	Total (A)		(3.76)	-	(3.76)
B	(i) Items that will be reclassified to profit or loss	H	-	26.66	26.66
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-
	Total (B)		-	26.66	26.66
	Total other comprehensive income (i - ii)		**(3.76)**	**26.66**	**22.90**
XI	**Total comprehensive income for the year (IX+X)**		**4,124.18**	**(671.67)**	**3,452.50**
	Profit attributable to:				
	Owners of the Company		4,108.83	698.33	3,410.50
	Non-Controlling Interest		19.11	-	19.11
	Other Comprehensive Income attributable to:				
	Owners of the Company		(5.45)	26.66	21.22
	Non-Controlling Interest		1.68	-	1.68
	Total Comprehensive Income attributable to:				
	Owners of the Company		4,103.38	(671.67)	3,431.71
	Non-Controlling Interest		20.79	-	20.79

IV On account of transition to Ind AS, there is no material adjustment to the Statement of Cash Flows for the year ended 31st March 2017

(Rs. in Lacs)

V Reconciliation of Equity as at 31st March 2017 and 1st April 2016

Particulars	Notes	As at 31st March 2017	As at 1st April 2016
Equity as per Previous GAAP		**29,354.10**	26,156.83
Fair value measurement of investment in equity instruments and mutual funds	A	27.01	1.21
Loss allowance of trade receivables as per expected credit loss	B	(17.95)	(17.82)
Gain / (loss) on fair valuation of derivative financial instruments	C	-	(61.96)
Restatement of loan given to subsidiary	K	176.55	341.43
Government Grant	D	(7.49)	(8.27)
Reversal of proposed dividend including dividend distribution tax	E	1,105.53	251.26
Amortisation of Foreign currency monetary item translation difference account	L	2.93	(3.31)
Impairment of joint ventures of subsidiary	M	(2,661.43)	(2,675.51)
Reinstatement of PPE as per Ind AS 16 in case of subsidiary	N	(1,551.82)	(1,238.67)
Restatement of foreign currency borrowings	L	18.70	(26.46)
Others	P	129.78	133.15
Deferred tax impact on above adjustments	F	(768.81)	(332.74)
Total		**(3,547.00)**	**(3,637.69)**
Equity as per Ind AS		**25,807.10**	**22,519.13**

VI Reconciliation of total comprehensive income:

Particulars	Notes	For the year ended 31st March 2017
Net Profit as per Previous GAAP		**4,124.18**
Fair value measurement of investment in equity instruments and mutual funds	A	25.80
Loss allowance of trade receivables as per expected credit loss	B	(0.14)
Deferred income arising from government grants	D	0.78
Gain / (loss) on fair valuation of derivative financial instruments	C	61.96
Gain or loss on foreign currency transaction and translation (net)	L	(158.64)
Actuarial (gain)/loss on employee defined benefit plans recognised in Other Comprehensive Income	G	3.76
Others	P	4.13
Reinstatement of PPE as per Ind AS 16 in case of subsidiary	N	(184.74)
Deferred tax impact on above adjustments	F	(447.47)
Net profit after tax as per Ind AS		**3,429.61**
Other Comprehensive Income (net of taxes)	G & H	**22.90**
Total Comprehensive income as per Ind AS		**3,452.51**

Notes to Consolidated Financial Statement for the year ended 31st March, 2018

VII Notes to reconciliation:-

A Fair valuation of investments

All Investments except investments in group companies have been fair valued in accordance with Ind AS 109. Investments in debt securities are measured at amortised costs. Other investments are fair valued through profit or loss. Under Previous GAAP, current investments were carried at cost net of diminution in their value as at the Balance Sheet date. The long term investments were carried at cost net of permanent diminution, if any.

B Trade receivables

Under previous GAAP, the Company had recognised provision on trade receivables based on the expectation of the Company.
Under Ind AS the Company provides loss allowance on receivables based on the Expected Credit Loss (ECL) model which is measured following the "simplified approach" at an amount equal to the lifetime ECL at each reporting date.

C Derivative financial instruments

Under Previous GAAP, in respect of all derivative contracts (except forward contracts), only mark-to-market loss was provided. Premium /discount arising at the inception of the forward exchange contracts to hedge foreign currency risks were amortised as expense or income over the life of the contract. Exchange differences on such forward exchange contracts were recognised in the Statement of Profit and Loss. Under Ind AS, all derivative contracts are measured at fair value through profit and loss.

D Government Grants

Under previous GAAP, Government Grants in respect of Property, Plant and Equipment was presented as Capital Reserve under Reserves and Surplus. Under Ind AS, Government Grants in respect of Property, Plant and Equipment needs to be presented as deferred income as part of liabilities.

E Proposed Dividend

Under Ind AS the final dividend including related tax is recognised in the period in which the obligation to pay is established on its approval, post reporting of financial statements. Under Previous GAAP, provision was required to be made in the financial statements for the proposed final dividend in the period to which the liability related.

F Deferred Tax

Under previous GAAP, deferred tax accounting was done using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Under Ind AS, accounting of deferred taxes is done using the Balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

G Remeasurement of Defined benefits liabilities

Under previous GAAP the company recognised remeasurements of defined benefits plans under profit and loss. Under Ind AS, remeasurement of defined benefits plans are recognised in Other Comprehensive Income

H Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard enquires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

I Excise Duty

Under previous GAAP, revenue from sale of products was presented net of Excise Duty under revenue from operations.
Under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense is presented under other expenses in the statement of profit and loss. The change does not affect the total equity as at 1st April, 2016 and 31st March, 2017, profit before tax or total profit for the year ended 31st March, 2017.

J Investment Property

Pursuant to Ind AS requirements, investment property is presented separately. Under Previous GAAP the same was presented as part of tangible assets. Tangible assets have been now divided into two categories under Ind AS viz. Property, plant and equipment and Investment property.

K Restatement of loan given to subsidiary

Loan given to subsidiary has been restated at the exchange rates prevailing on the reporting date.

L Long Term Foreign Currency Monetary Items

The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of the liability.

M Impairment of JV's

Investments in Joint Ventures have been tested for Impairment at the date of transition in accordance with para D31AB of Ind AS 101 and necessary provisions have been made in capital reserves and retained earnings.

N Reinstatement of PPE as per Ind AS 16 in case of subsidiary

The Group has restated PPE of its subsidiary in accordance with Ind AS 16 with a corresponding effect in provision for Depreciation.

O Joint venture consolidation:

Under previous GAAP, interest in joint venutures were consolidated for using proportionate consolidation method. Under Ind AS, interest in joint Ventures have been consolidated for using Equity method.

P Others

Other adjustments on account of transition to Ind AS include reclassification of Property, Plant and Equipment (PPE) to Intangible asset as part of service concession arrangements, classification of Investment Property, fair valuation of deposits and effect of adjustments relating to revenue recognition.

Q The previous year GAAP figures have been reclassified/regrouped to make them comparable with Ind AS presentation.

As per our attached report of even date

For and on behalf of the Board of Directors

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

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 29th May, 2018

Krishnakumar Jhunjhunwala
Managing Director
(DIN: 00097175)

Mahendra Sheth
CFO & Company Secretary

Place: Mumbai
Date: 29th May, 2018

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

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

Registered Office: Survey No. 59/1/4, AmliPiparia 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 FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Fifth Annual General Meeting** of the members of Sarla Performance Fibers Limited will be held on Friday, 28th September, 2018, at 9:30 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:

1. Adoption of Financial Statements

To receive, consider and adopta) the audited financial statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon; and b) the audited consolidated financial statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Auditors thereon and in this regard, pass the following resolutions as Ordinary Resolutions:

a) **"RESOLVED THAT** the audited financial statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.

b) **"RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended 31st March, 2018 and the Report of Auditors thereon laid before this meeting, be and are hereby considered and adopted.

2. Declaration of Dividend

To declare dividend of Rs. 1.10/- per Equity Shares for the financial year ended 31st March,2018 and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT a dividend at a rate of Rs. 1.10/- per equity share of face value of Re. 1/- each on fully paid-up Equity Shares as recommended by the Board of Directors be and hereby declared [Excluding the Share upon which the Promoter / Member have waived / forgone / his / her / their right to receive the Dividend by him / her / them] for the financial year ended 31st March, 2018 to those Shareholders whose name appear in the Register of shareholders of the Company as on 21st September, 2018."

3. Appointment of Director retire by rotation

To appoint Ms. Neha K. Jhunjhunwala [DIN:07144529], who retires by rotation as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 152 of the Companies Act, 2013, Ms. Neha K. Jhunjhunwala [DIN: 07144529], who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retires by rotation."

SPECIAL BUSINESS:

4. Appointment of Ms. Shreya Desai (DIN: 08041995) as an Independent Director of the Company

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

"RESOLVED THAT Ms. Shreya Desai (DIN - 08041995), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 12th December, 2017 under Section 161(1) of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment (s) thereof for the time being in force), who is eligible for appointment and in respect of whom the Company has received anotice in writing from a Member under Section 160 of the Companies Act, 2013 signifying the intention to propose the candidature of Ms. Shreya Desai (DIN - 08041995) for the office of Director be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), Ms. Shreya Desai (DIN - 08041995), a non-executive Director of the Company, who has submitted a declaration that she meets the criteria of independence under Section 149(6) of the Companies Act, and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years with effect from 12th December, 2017."

5. Ratification of appointment and remuneration of Cost Auditor for financial year ending 31st March, 2019:

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Board of Directors of the Company for payment of remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand only) plus applicable taxes and reimbursement of actual travel and out-of-pocket expenses for the financial year ending 31stMarch, 2019, 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."

6. Alteration of Articles of Association of the Company by way of insertion of new Article No. 131 after existing Article 130 in the Articles of Association of the Company in conformity with the provisions of the Companies Act, 2013 and the rules made thereunder.

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

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Companies (Incorporation) Rules, 2014, (including any statutory modification(s), enactments / re-enactment(s) thereof, for the time being in force), the consent of the members of the Company, be and is hereby accorded for alteration in the Articles of Association of the Company by insertion as follows: -

Insertion of Article 131 and renumbering of proceeding Article(s) accordingly:

Open to the Members to waive/ forgo his / her / their right to receive the dividend

131. Notwithstanding anything contained in these Articles, but subject to the provisions of the Act and all other applicable rules of the statutory authorities and rules framed by the Board of Directors of the Company in this behalf as amended from time to time by the Board, it shall be open for the members of the Company who hold the equity shares in the Company to waive / forgo his / her / their right to receive the dividend (interim or final) by him / her / them for any financial year which may be declared or recommended respectively by the Board of Directors of the Company. The waiver / forgoing by the members, his / her / their right to receive the dividend (interim or final) by him / her / them under this Article shall be irrevocable immediately after the record date / book closure date fixed for determining the names of Members entitled for Dividend. The Company shall not be entitled to declare or pay and shall not declare or pay dividend on equity shares to such members who have waived / forgone his / her / their right to receive the dividend (interim or final) by him / her / them under this Article.

A member or members including 'Promoter and Promoter group' shall have right to waive off / forgo their entitlement to as dividend and such waiver / forgoing shall not be effective unless a member or members including 'Promoter and Promoter group', signs and delivers a document expressing waiver / forgoing of his / her / their right to receive the dividend and that waiver is accepted as such and acted by the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, matters, deeds and things as it may consider necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company."

7. Revision in overall borrowing powers of the Company:

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

"RESOLVED THAT in supersession of the earlier Resolution passed by the Members at their Meeting held on 27th September, 2014 and pursuant to the provisions of Section 180 (1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, consent of the Members be and is hereby accorded to the Company, to borrow from time to time any sum or sums of monies (exclusive of interest) on such terms and conditions as may be determined, from anyone or more of the Company's bankers and/or from anyone or more other banks, persons, firms, companies/bodies corporate, financial institutions, institutional investor(s), mutual funds, insurance companies, pension funds and or any entity/entities or authority/authorities, whether in India or abroad, and whether by way of cash credit, advance or deposits, loans or bill discounting, issue of debentures, commercial papers, long/short term loans, suppliers' credit, securitized instruments such as floating rate notes, fixed rate notes, syndicated loans, commercial borrowing from the private sector window of multilateral financial institution, either in rupees and/or in such other foreign currencies as may be permitted by law from time to time, and/or any other instruments/securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets, licences and properties, whether immovable or movable and all or any of the undertaking of the Company, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital, free reserves and securities premium, that is to say, reserves not set apart for any specific purpose, so that the total amount upto which the moneys may be borrowed by the Company and outstanding at any time shall not exceed the sum of Rs.375 Crore (Rupees Three Hundred and Seventy-Five Crore Only).

RESOLVED FURTHER THAT in connection with the aforesaid, the Board/Committee of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto.

RESOLVED FURTHER THAT notwithstanding the aforesaid supersession, all actions and decisions taken till date under the said Resolution shall be valid and in order."

8. Creation of Mortgage/Charge on the assets of the Company:

To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013; the Memorandum and Articles of Association of the Company and

subject to such other approvals and permissions as may be required, consent be and is hereby accorded to the Company, to sell, mortgage and / or charge, in addition to the mortgages / charges created / to be created by the Company in such form and manner and with such ranking and at such time and on such terms and conditions as may be determined, on all or any of the movable and / or immovable properties of the Company, and / or the interest held by the Company in all or any of the movable and / or immovable properties, both present and future and / or the whole or any part of the undertaking(s) of the Company, together with the power to take over the management of business and concern of the Company in certain events of default, in favour of lender(s), agent(s), and trustee(s) for securing the borrowings of the Company availed / to be availed by way of loan(s) (in foreign currency and / or rupee currency) and securities (comprising fully / partly convertible debentures and / or nonconvertible debentures with or without detachable or non-detachable warrants and / or secured premium notes and / or floating rate notes / bonds or other debt instruments), issued / to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, from time to time, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment, remuneration of the agent(s) and / or trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s),Heads of Agreement(s), Debenture Trust Deed(s) or any other agreement /document, entered into / to be entered into between the Company and the lender(s) / investor(s) / agent(s) and / or trustee(s), in respect of the said loans, borrowings / debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Company and the lender(s),agent(s) and / or trustee(s);

RESOLVED FURTHER THAT in connection with the aforesaid, the Board/Committee of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto.

RESOLVED FURTHER THAT notwithstanding the aforesaid supersession, all actions and decisions taken till date under the said Resolution shall be valid and in order."

By order of the Board of Directors

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 14th August, 2018

Registered Office:
SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]
Survey No. 59/1/4, AmliPiparia Industrial Estate,
Silvassa, U.T. of Dadra &Nagar Haveli - 396230
Tel: 0260–3290467,Fax: 0260 – 2631356,
Email: investors@sarlafibers.com Website: www.sarlafibers.com

1) A Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), relating to the Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.

2) A member entitled to attend and vote at the AGM isentitled 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) Attendance slip, proxy form and the route map of the venue of the Meeting are annexed hereto.

4) Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.

5) In terms of provisions of Section 139(1) of the Companies Act, 2013, CNK & Associates LLP, Chartered Accountants, Mumbai [ICAI Firm Registration Number: 101961W] have been appointed as the Statutory Auditors of the Company for a period of 5 years at the 24th Annual General Meeting (AGM) of the members of the Company held on 29th September, 2017 to hold office till the conclusion of the 29 thAGM of the Company.

In terms of the Companies (Amendment) Act, 2017 and vide notification no S.O.1833(E) dt. 7.5.2018, the Ministry of Corporate affairs have done away with the requirement of ratification of the appointment of auditors, at each subsequent annual general meeting, by deleting the 1st Proviso to the sub-section (1) of Section 139 of the Companies act, 2013. Accordingly, the same is now onwards not required to be put up to the members for ratification.

6) In terms of the provisions of Section 152 of the Act, Ms. Neha Jhunjhunwala, Director, retire by rotation at the Meeting. The Board of Directors of the Company commend her re-appointment.

7) Mr. Madhusudan Jhunjhunwala and Mr. Krishnakumar Jhunjhunwala, being related to Ms. Neha Jhunjhunwala are interested in the resolution set out at Item No. 3 of the Notice. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item Nos. 1 to 4 of the Notice.

8) Details of Director retiring by rotation / seeking appointment at the ensuing Meeting is provided in the "Annexure" to the Notice.

9) Members / Proxies / Authorised Representatives are requested to bring to the Meeting necessary details of their shareholding, attendance slip(s) and copies of Annual Report. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.

10) Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days (i.e. except Saturdays, Sundays and Public Holidays) during business hours up to the date of the Meeting. The aforesaid documents will be also available for inspection by members at the Meeting.

11) The Board of Directors at their meeting held on 29th May, 2018, recommended a Dividend @ 1.10 per equity share of face value of Re. 1 each of the Company for the financial year ended 31st March, 2018, and the same if declared at the Meeting, will be paid within a period of 30 days of declaration to those members who have not waived / forgone their right to receive dividend for the Financial year 2017-18:

a) To those members, holding shares in physical form, whose name appear on the Company's Register of Members, at the close of business hours on Friday, 21st September, 2018 after giving effect to all valid transfers in physical form lodged on or before Friday, 21st September, 2018 with the Company or Registrar and Share Transfer Agent; and

b) In respect of shares held in dematerialized form, to all beneficial owners as per details furnished by National Security Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL) for this purpose as on Friday, 21st September, 2018.

Members who are holding Shares in electronic form may note that bank particulars registered with theirrespective Depository Participants will be used by the Company for electronic credit / dispatch of dividend. The Company or its Registrar and Share Transfer Agents (RTA) cannot act on any request received directly from the Members holding Shares in electronic form for any change of bank particulars or bank mandates. Suchchanges are to be advised by the Members concerned to their respective Depository Participants. Any such changes effected by the Depository Participants will automatically reflect in the Company's subsequent records.

12) 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. 417388/- unpaid or unclaimed dividends for the financial year ended 31st March, 2010 on 22nd November, 2017, to the IEPF. For the financial year ended 31stMarch, 2011, the Company shall in accordance with the provisions, transfer the amount to the IEPF within 30 days from 28thSeptember, 2018.

Members who have not as yet encashed their dividend warrants for the financial year ended 31st March, 2011 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.

Also, The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 29th September, 2017 (date of the previous Annual General Meeting) on the website of the Company and the same can be accessed through the link: http://www.sarlafibers.com. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.

In terms of Section 124 (6) of the Companies Act, 2013 the Amount required to be transferred to the IEPF Account for Unclaimed Dividend is transferred by the company, however the corrposonding share are yet to be transferred to IEPF Account.

Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/investors are advised to visit the weblink: http://iepf.gov.in/IEPFA/refund.html or contact Sharex for lodging claim for refund of shares and / or dividend from the IEPF Authority.

13) SEBI has decided that securities of listed companies can be transferred only in dematerialised form from a cut-off date, 5th December, 2018. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.

14) Due dates for transfer of unclaimed/unpaid Dividends for the financial year 2010-11 and thereafter to IEPF:

Financial Year ended	Declaration Date	Due Date
31st March, 2011	29th September, 2011	27th October, 2018
31st March, 2012	20th September, 2012	19th October, 2019
31st March, 2013	13th September, 2013	11th October, 2020
31st March, 2014	27th September, 2014	25th October, 2021
31st March, 2015	28th September, 2015	26th October, 2022
31st March, 2016	30th September, 2016	29th October, 2023
31st March, 2017	29th September, 2017	27th October, 2024

15) Members holding shares in physical mode:

(a) are required to submit their Permanent Account Number (PAN) and bank account details to the Company / Sharex, if not registered with the Company as mandated by SEBI.

(b) are advised to register the nomination in respect of their shareholding in the Company. Nomination Form (SH-13) is put on the Company's website and can be accessed at link http://www.sarlafibers.com.

(c) are requested to register / update their e-mail address with the Company / Sharex for receiving all communications from the Company electronically.

16) Members holding shares in electronic mode:

(a) are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.

(b) are advised to contact their respective DPs for registering the nomination.

(c) are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.

Non Resident Indian Members are requested to inform Sharex / respective DPs, immediately of:

(a) Change in their residential status on return to India for permanent settlement.

(b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

17) The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting and the business set out in the Notice will be transacted through such voting. Information and instructions including details of user id and password relating to e-voting are sent herewith. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again. The members who have cast their vote(s) by using remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting.

18) 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, 2018 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.

19) 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).

20) Members may also note that Notice of the 25th Annual General Meeting and the Annual Report for financial year ended 31st March, 2018 is also available on the Company's website at www.sarlafibers.com

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

22) The register of members and share transfer books of the Company shall remain closed from Friday, 21st September, 2018 to Friday, 28th September, 2018 (both days inclusive).

23) 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.

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

25) 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.

26) The details of Director retire by rotation / the person seeking appointment as a Director under Item No. 3 and 4 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 is given herein below:

Name of Director	Ms. Neha Jhunjhunwala	Ms. Shreya Desai
Date of Birth	22.02.1989	01.01.1985
Date of Appointment	31.03.2015	12.12.2017
Expertise in specific functional areas	Experience in Human Resource Management and Marketing	Experience in various significant areas of corporate legal practice
Qualification	BMS & Master of Science in Marketing & Strategy	Bachelor of Business Administration and Bachelor of Law
Terms and Conditions of appointment / re-appointment	In terms of Section 152(6) of the Act, 2013, Ms. Neha Jhunjhunwala was appointed as Director with effect from 31st March, 2015, liable to retire by rotation.	Five years with effect from 12th December, 2017.
Directorship in other Companies (excluding Foreign and Section 8 Companies) as on 31st March, 2018	NIL	NIL
Chairmanship/ Membership of the Committee as on 31st March, 2018 (Includes only Audit and Stakeholders' Grievance Committee)	NIL	NIL
Number of Shares held on 31st March, 2018	4000 equity Shares of Re. 1 each	NIL
Relationship with other Director / Key Managerial Personnel	Mr. Madhusudan Jhunjhunwala and Mr. Krishnakumar Jhunjhunwala	Not related to any Director / Key Managerial Personnel
Number of Board Meetings attended during financial year (2017-18)	1	1

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 and Ms.Shreya Desai, please refer to the Corporate Governance Report.

27) 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, 25th September, 2018 (9:00 am IST) and ends on Thursday, 27th September, 2018 (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, 21st September, 2018, 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 14th August, 2018 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, 30th September, 2018.

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:

Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/
Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN,your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

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

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be

allowed to modify your vote.

General Guidelines for shareholders

1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mail@csajitsathe.comwith a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request atevoting@nsdl.co.in

IX. 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.

X. 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.

XI. 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).

XII. 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 21st September, 2018.

XIII. 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. 21st September, 2018, 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" or "Physical User Reset Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

XIV. 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.

XV. 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.

XVI. 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.

XVII. 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.

XVIII. 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.

By order of the Board of Directors

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 14th August, 2018

Registered Office:

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

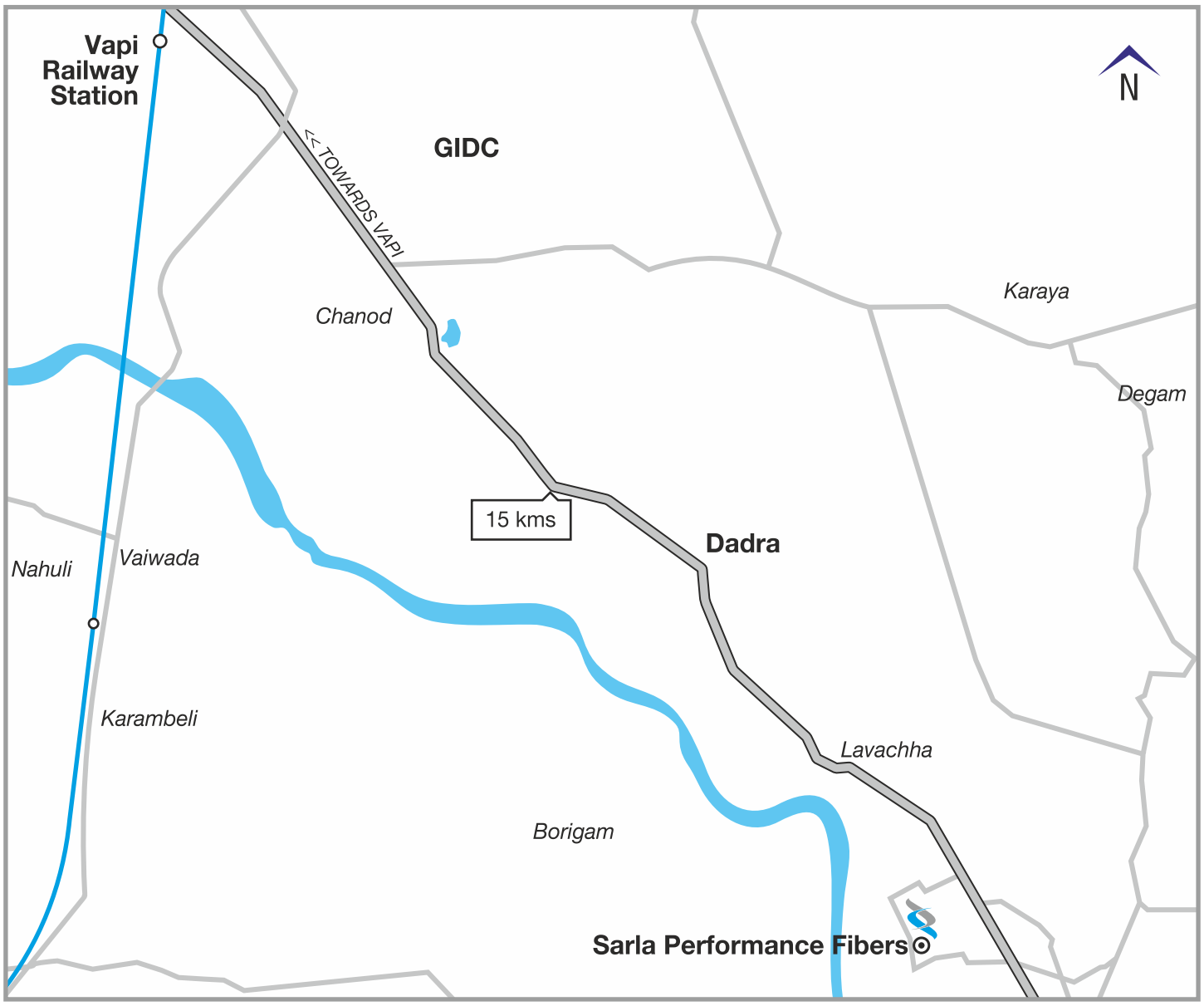
Survey No. 59/1/4, Amli Piparia Industrial Estate,

Silvassa, U.T. of Dadra & Nagar Haveli - 396230

Tel: 0260–3290467,Fax: 0260 – 2631356,

Email: investors@sarlafibers.com Website: www.sarlafibers.com

ROUTE MAP to the venue of Annual General Meeting
(From Vapi Railway Station to Sarla Performance Fibers Limited)



By order of the Board of Directors

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 14th August, 2018

Registered Office:

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

Survey No. 59/1/4, Amli Piparia Industrial Estate,

Silvassa, U.T. of Dadra & Nagar Haveli - 396230

Tel: 0260–3290467,Fax: 0260 – 2631356,

Email: investors@sarlafibers.com Website: www.sarlafibers.com

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 ('the Act')

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

4. Appointment of Ms. Shreya Desai (DIN: 08041995) as an Independent Director of the Company:

Ms. Shreya Desai (DIN - 08041995), was appointed as an Additional Director by the Board with effect from 12th December, 2017, pursuant to Section 161 of the Companies Act, 2013, read with the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Ms. Shreya Desai will hold office up to the date of the ensuing Annual General Meeting. A Notice has been received along with deposit of requisite amount from a member proposing Ms. Shreya Desai as a candidate for the office of Director of the Company. The Company has received from Ms. Shreya Desai a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

Ms. Shreya Desai is an advocate specialising in the field of corporate law having almost 10 years of experience. She completed her Bachelor of Business Administration and Bachelor of Law from Symbiosis Law College, Symbiosis International University, Pune and is enrolled as an advocate with Bar Council of Maharashtra and Goa. She initially worked with nationally renowned law firms in Mumbai and Ahmedabad and thereafter, from 2017, she started her Independent practice as Corporate Lawyer.

Her areas of expertise involve various significant arenas of corporate legal practice including foreign investments; mergers and acquisitions; private equity and other investment transactions; rendering general corporate law and transactional advisory; capital market transactions; and drafting and advising in respect of all types of commercial contracts and conveyance.

Ms. Desai has been involved in advising various domestic as well as MNCs in rendering legal and strategic advice. She has handled corporate legal matters across varied sectors including non-banking financial sector, manufacturing sector, retail sector, food and beverages sector, Service sector,banking companies, etc.

Ms. Desai does not hold any securities of the Company.

In the opinion of the Board, Ms. Desai fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder as also under the Listing Regulations for her appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Ms. Desai as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. The Board considers that the proposed appointment of Ms. Desai as a Director, considering her vast experience and knowledge in diverse areas, will be in the best interest of the Company and bring diversity to the composition of the Board. Accordingly, the Board recommends the resolution in relation to appointment of Ms. Desai as an Independent Director, for the approval by the members of the Company. Except Ms. Desai, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. The Board recommends the Resolution set out at Item No. 4 of the Notice for your approval.

5. Ratification of appointment and remuneration of Cost Auditor for financial year ending 31st March, 2019:

The Board of Directors of the Company at their Board meeting held on 14th August, 2018 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 2018-19 at a remuneration of Rs.150000/-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 2018-19. 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.

6. Alteration of Articles of Association of the Company by way of insertion of new Article No. 131 after existing Article 130 in the Articles of Association of the Company in conformity with the provisions of the Companies Act, 2013 and the rules made thereunder:

Your Directors propose to alter Articles of Association (AoA) of the Company to enable the Company to implement any instruction from a Member(s) of theCompany to waive/forgo his / her / their right to receive the dividend (interim or final) from the Company for anyfinancial year. Thus, the Members of the Company can now waive/forgo, if he/ she/ they so desire(s), his/ her / their right toreceive the dividend (interim or final) for any financial year effective from the dividend recommended by theBoard of Directors of the Company for the year ended 31stMarch, 2018 on a year to year basis, as per the rulesframed by the Board of Directors of the Company from time to time for this purpose.

The Board recommends the Special Resolution set forth in Item No. 6 of the Notice for approval of the Members.

None of the Director or officer or Key Managerial Personnel of the Company is in any way concerned or interested in the said resolution, except to the extent of shareholding, if any.

7. Revision in overall borrowing powers of the Company:

The Members had authorized the Board of Directors of the Company and/or any Committee thereof to borrow from time to time a sum not exceeding Rs. 350 Crore (Rupees Three Hundred and Fifty Crore): on such terms and conditions as it may deem fit under Section 180(1) (c) of the Companies Act, 2013 vide resolution passed on 27th September, 2014. Considering the current book size

and the budget for FY 2017-18, the overall borrowing limits is to be increased from Rs. 350 Crore to Rs. 375 Crore. The Board accordingly recommends the revised limit to the extent of Rs. 375 Crore (Rupees Three Hundred and Seventy -Five Crore only), outstanding at any point of time under 180(1) (c) of the Companies Act, 2013 as set out in the Resolution for approval of the Members.

The Board recommends the Special Resolution set forth in Item No. 7 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives is interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

8. Creation of Mortgage/Charge on the assets of the Company:

As per the provisions of Section 180(1) (a) of the Companies Act, 2013, a Company shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings, unless approval of the Members is obtained by way of a Special Resolution. In connection with the loan/credit facilities to be availed by the Company, as and when required, through various sources for business purposes, the Company might be required to create charges over its assets, properties and licenses by way of hypothecation, mortgage, lien, pledge etc. in favour of its lenders (up to the limits approved under Section 180(1)(c) of the Companies Act, 2013), for the purposes of securing the loan/credit facilities extended by them to the Company. Further, upon occurrence of default under the relevant Loan/facility agreements and other documents as may be executed by the Company with the lenders, the lenders would have certain rights in respect of the Company's assets, properties and licenses including the rights of sale/disposal thereof, creation of charge/s as aforesaid and enforcement of assets by the Company's lenders upon occurrence of default would amount to a sale/disposal of the whole or substantially the whole of the undertaking of the Company, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013.

Accordingly, the Board recommends the Special Resolution set forth in Item No. 8 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives is interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

By order of the Board of Directors

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 14th August, 2018

Registered Office:
SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]
Survey No. 59/1/4, Amli Piparia Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli - 396230
Tel: 0260–3290467,Fax: 0260 – 2631356,
Email: investors@sarlafibers.com Website: www.sarlafibers.com

Note

Note

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

ATTENDANCE SLIP
25th 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 25th Annual General Meeting of the Company to be held at registered office on Friday, 28th September, 2018 at 09.30 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. 27 to the Notice of Annual General Meeting. The voting time starts from Tuesday, 25th September, 2018 (9:00 am IST) and ends on Thursday, 27th September, 2018 (5:00 pm IST). The voting module shall be disabled by NSDL for voting thereafter.

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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 25thAnnual General Meeting of theCompany, to be held on Friday, 28th September, 2018 at 09.30 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 inrespect of such resolutions as are indicated below:

Resolution No.	Resolution	For	Against
1	Adoption of Financial Statements a) the audited financial statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon; and b) the audited consolidated financial statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Auditors thereon.		
2	Declaration of Dividend for the financial year ended 31st March, 2018. Appointment of Director retire by rotation.		
3	Appointment of Ms. Shreya Desai (DIN: 08041995) as an Independent Director of the Company.		
4	Ratification of appointment and remuneration of Cost Auditor for financial year ending 31st March, 2019.		
5	Alteration of Articles of Association of the Company by way of insertion of new Article No. 131 after existing Article 130 in the		
6	Articles of Association of the Company in conformity with the provisions of the Companies Act, 2013 and the rules made thereunder.		
7	Revision in overall borrowing powers of the Company.		
8	Creation of Mortgage/Charge on the assets of the Company.		

Signed _____ day of _____ , 2018.

Affix Re. 1 Revenue Stamp

Signature of Shareholder: _____

Signature of Proxy holder(s): _____

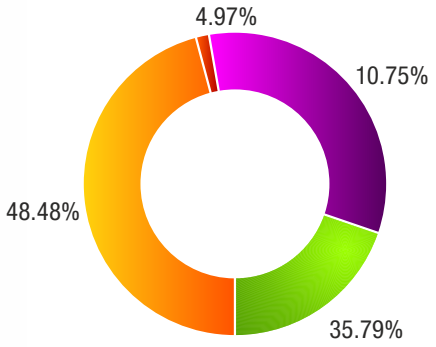
Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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Highlights of the Year

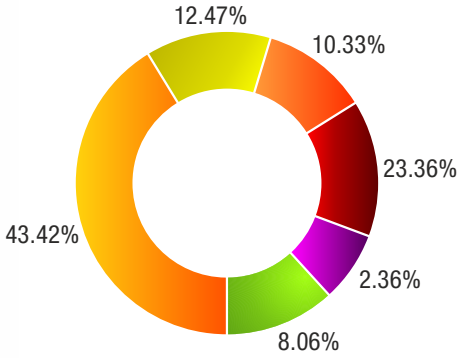
Source of Funds 2017-18

(Rs. in Lacs)
consolidated data



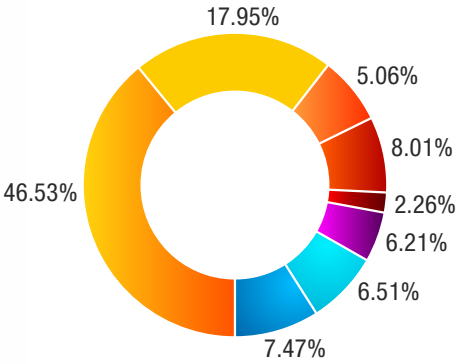
Equity	27,303.47
Deferred Tax Liablity	2,800.24
Payable for goods & other liablities	6,053.33
Money borrowed from banks & others	20,157.89
	56,314.93

Application of Funds 2017-18



Property, Plant & Equipments	24,449.98
Investment	7,023.26
Inventories	5,816.12
Receivables & Other Assets	13,156.17
Loans & Advances	1,331.8
Cash & Bank Balances	4,537.59
	56,314.93

Distribution of Revenue 2017-18



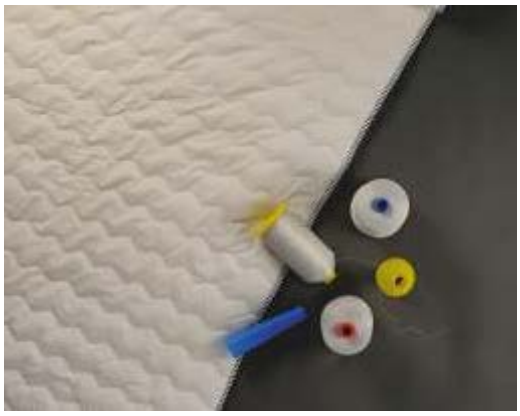
Materials	15,102.18
Manufacturing Expenses	5,827.4
Employees Remunaration & benefits	1,641.78
Administrative & other expenses	2,599.78
Interest & Finance Charges	734.75
Depreciation	2,015.13
Tax	2,113.18
Retained Earnings	2,425.19
	32,459.39

Products at a Glance



Textured Nylon Yarn

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



Textured Sewing Thread

SPFL Sewing Threads caters to end applications such as Apparels, Swim Wear, Lingerie, Fleece Goods, Towels and Wash Clothes, Table Cloths and Placemats, Sheets and Pillow Cases.



High Tenacity Yarn

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



Textured Polyester Yarn

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

SARLA PERFORMANCE FIBERS

Registered Office:

SARLA PERFORMANCE FIBERS LIMITED

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



Covered 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.