



*green
growth*

GREEN GROWTH

Today SPFL consumes 5.375 MW of energy at its different plants on an annual basis. Since 2010 when we put up our first wind turbine till FY16, we now generate capacity of 7.25 MW of wind turbine. We plan to install another wind turbines this year and may also put up some solar capacity which will help us generate total renewable energy of 14.95 MW by end of FY17. This will lead to excess of renewable power generation at SPFL as compared to consumption of energy generated through fossil fuel. It would be a landmark for us as a responsible corporate citizen.



Corporate Details



Board of Directors

Madhusudan Jhunjunwala - Chairman & Whole-time Director

Krishnakumar M. Jhunjunwala - Managing Director

Arun Vaid - Director

Jigar A Shah - Director

Parantap Dave - Director

Neha Jhunjunwala - Director

Chief Financial Officer & Company Secretary

Mahendra Sheth

Auditors

M/s. Sundarlal, Desai & Kanodia, Chartered Accountants, Mumbai

Bankers

Citibank N.A.

Standard Chartered Bank

DBS Bank Ltd.

IndusInd Bank Ltd.

Yes Bank Ltd.

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

Allahabad Bank

Commonwealth Bank of Australia

First Rand Bank

PT Bank MayBank Indonesia

Registered Office

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

Plants

- 1) Survey No. 59/1/4, Amli Piparia Industrial Estate,
Silvassa - 396 230, U.T. of Dadra & Nagar Haveli.
- 2) Survey No. 64/2/3/4, 61/2, 62/5, 63/5, 63/7,
Amli Piparia Industrial Estate, Silvassa - 396 230,
U.T. of Dadra & Nagar Haveli.
- 3) Shed No. A1/48, 100 Sheds Area, GIDC, Vapi - 396 195.

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.

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Delivering Value Over A Decade

Profit & Loss And Balance Sheet	2006 03	2007 03	2008 03	2009 03	2010 03	2011 03	2012 03
Equity Paid Up	6.95	6.95	6.95	6.95	6.95	6.95	6.95
Networth	42.93	51.34	63.84	74.47	89.17	108.24	124.41
Capital Employed	61.52	80.7	106.37	113.44	126.10	155.84	189.52
Gross Block	43.66	48.55	69.91	76.85	90.83	113.11	125.07
Net Working Capital (Incl. Def. Tax)	24.66	38.81	51.89	60.13	62.82	77.54	97.99
Net Sales	86.09	98.51	122.33	135.59	155.33	193.02	222.65
10 year sales CAGR							22%
PBIDT	18.42	20.00	24.57	24.89	29.57	35.95	34.52
10 year EBIDTA CAGR							25%
PAT	11.32	11.38	15.22	12.72	16.91	22.53	18.92
10 year net profit CAGR							33%
Book Value (Unit Curr)	61.77	73.87	91.85	107.15	128.30	155.73	178.99
10 year book value CAGR							23%
Market Capitalisation	89.59	81.45	94.52	23.87	61.92	78.54	69.29
10 year MCAP CAGR							30%
EPS (annualised) (Unit Curr)	15.87	15.96	21.89	18.30	24.34	32.42	27.22
Dividend (annualised%)	30.00	30.00	35.00	35.00	35.00	45.00	50.00
Payout	2.085	2.085	2.43	2.43	2.43	3.13	3.48
Payout (%)	18.95	18.85	15.98	19.12	14.38	13.88	18.37
Key Ratios	2006 03	2007 03	2008 03	2009 03	2010 03	2011 03	2012 03
Debt-Equity Ratio	0.46	0.51	0.67	0.52	0.42	0.44	0.52
Long Term Debt-Equity Ratio	0.03	0	0.01	0.02	0.05	0.11	0.08
Current Ratio	1.07	1.15	1.22	1.42	1.55	1.73	1.56
Turnover Ratios							
Fixed Assets Ratio	2.12	2.2	2.07	1.85	1.85	1.89	1.87
Inventory Ratio	7.06	6.54	5.09	4.64	5.22	4.41	4.31
Debtors Ratio	4.47	4.23	3.43	4.92	3.59	3.79	3.70
Interest Cover Ratio	9.54	7.58	10.36	6.52	10.07	15.43	7.90
PBIDTM (%)	20.8	19.76	17.68	15.47	16.01	16.09	14.77
PBITM (%)	17.87	16.85	14.03	11.60	12.43	12.66	11.33
PBDTM (%)	18.92	17.53	16.10	13.25	14.47	15.10	13.5
ROCE (%)	28.18	23.99	22.18	18.41	20.47	21.21	15.72
RONW (%)	29.46	24.14	26.43	18.39	20.67	22.83	16.25
Debtors Velocity (Days)	63.00	70.00	105.00	100.00	98.00	92.00	99.00
Creditors Velocity (Days)	49.00	57.00	49.00	44.00	49.00	52.00	78.00

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.

2011

Started joint venture operations in Turkey.

Installed windmills in Satara, Maharashtra.
Total wind power generation capacity of 3.25 MW.

2012

2 more windmills of 2 MW in September 2012.

2013

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

2014

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

2015

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

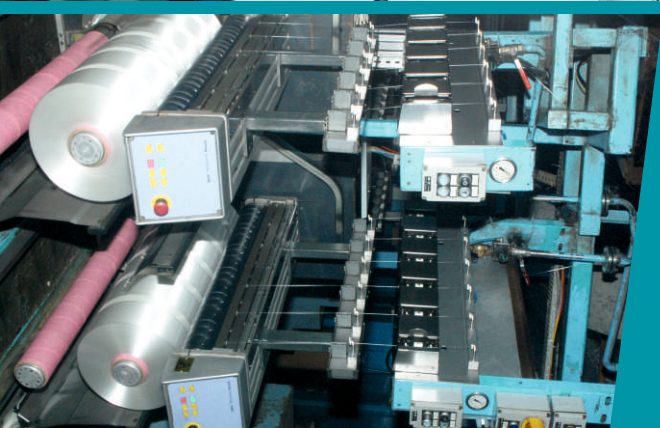
2016

2 more windmills of 1.5 MW each in Madhya Pradesh started operations in March 2016.

Total Wind Power Installed Capacity Increased to 10.25 MW.

(Rs. in Crores)

2013 03	2014 03	2015 03	2016 03
6.95	6.95	8.35	8.35
142.46	169.15	229.71	261.82
	17%	18%	18%
256.72	402.41	488.45	530.08
153.23	258.16	266.64	291.75
113.86	114.58	202.16	206.72
258.69	261.82	312.05	297.65
18%	14%	14%	12%
47.61	55.61	61.31	72.73
20%	13%	13%	14%
27.98	27.75	27.93	45.04
21%	11%	9%	15%
204.97	243.37	275.10	313.55
22%	21%	19%	18%
100.78	117.63	309.13	527.32
32%	26%	22%	19%
40.25	39.93	37.58	5.39
60.00	75.00	80.00	105.00
4.17	5.21	6.68	8.77
14.90	18.79	23.92	19.47
2013 03	2014 03	2015 03	2016 03
0.76	1.38	1.13	1.02
0.28	0.94	0.60	0.61
1.53	1.50	1.49	1.55
1.86	1.27	1.13	2.13
4.47	3.37	4.18	3.21
4.43	3.91	4.16	3.82
8.06	6.50	7.35	8.85
18.40	20.54	18.94	24.43
15.22	16.48	14.46	19.24
16.72	18.01	16.95	22.26
17.47	13.53	10.51	10.11
20.96	17.81	14.00	18.33
80.00	93.00	88.00	114.00
40.00	67.00	73.00	85.00



SALES

NET SALES - (Rs. crores)

March '16	297.65
March '15	312.06
March '14	261.82
March '13	258.69
March '12	222.65
March '11	193.02
March '10	155.33
March '09	135.59
March '08	122.33
March '07	98.51

EBIDTA

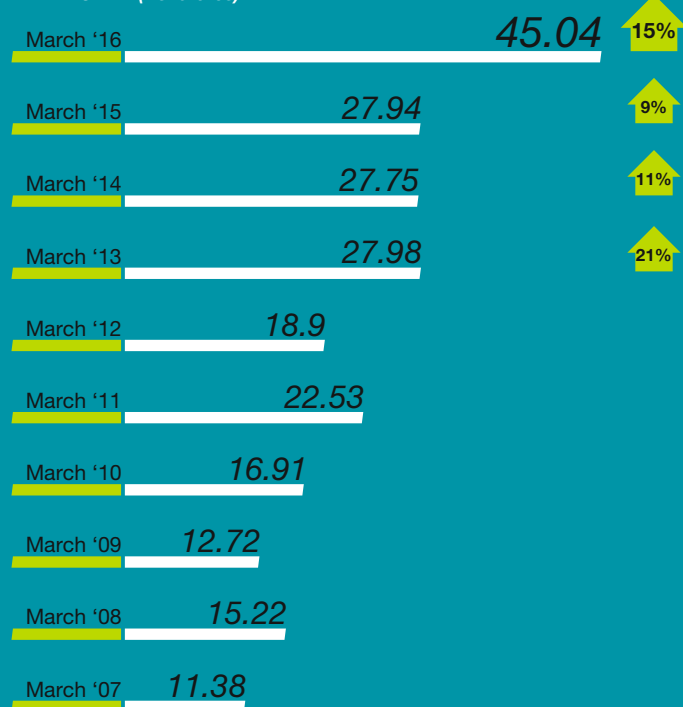
PBIDT - (Rs. crores)

March '16	72.72
March '15	61.31
March '14	55.61
March '13	47.61
March '12	34.52
March '11	35.95
March '10	29.57
March '09	24.89
March '08	24.57
March '07	20

Performance At A Glance

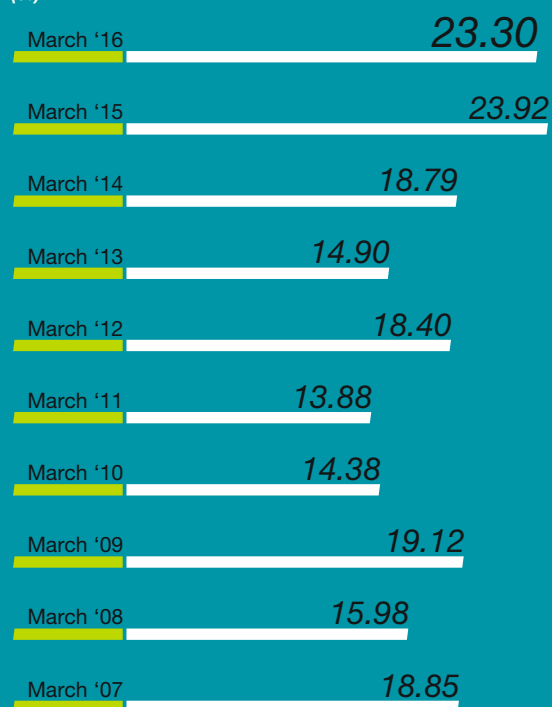
NET PROFIT

NET PROFIT - (Rs. crores)

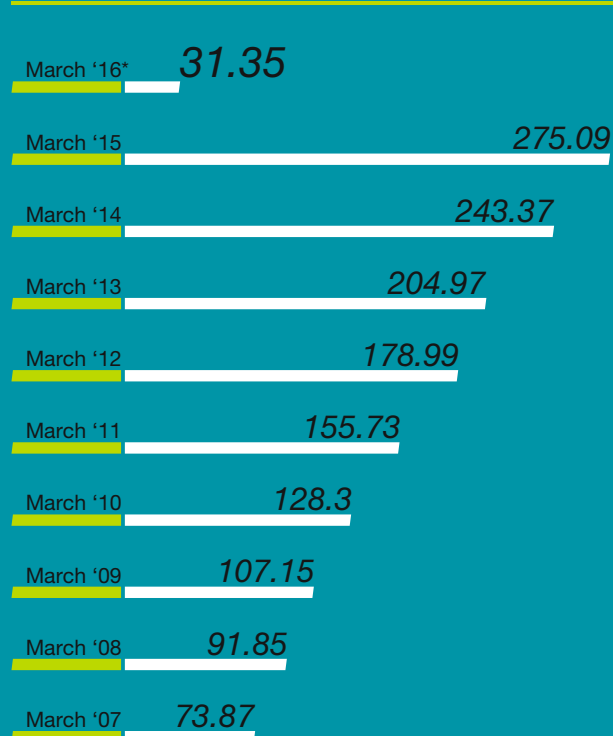


DIVIDEND PAYOUT

(%)

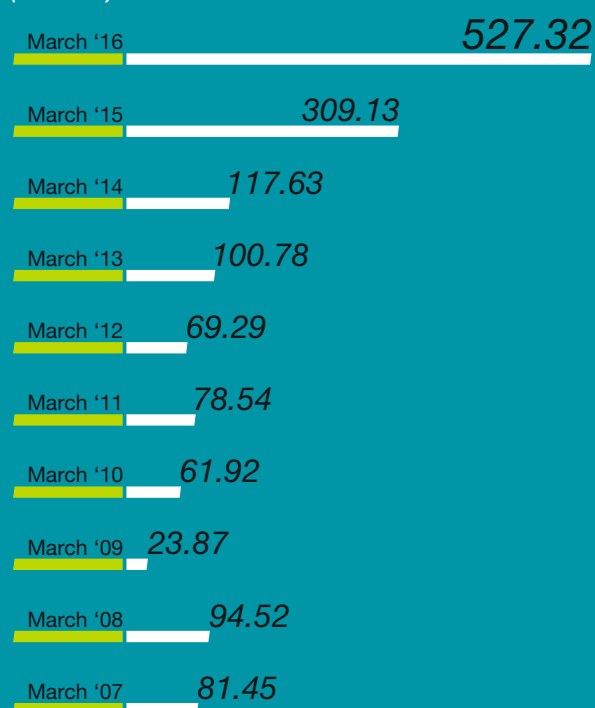


BOOK VALUE



MARKET CAPITALIZATION

(Rs. crores)



From The Desk of Managing Director

Dear Stakeholders,

Greetings. I am pleased to write to you after yet another good year of performance by your company. Our revenue remained flattish but EBIDTA increased by 27% (after accounting for some losses in the US plant which is still in investment phase). While, the stabilization of plant in the US remains a challenge, we have started reaping benefits of a direct presence and investment in the US. Some of our key clients in the US have started to recognize our effort to be in their vicinity and have placed regular orders on us in India while we ramp up and stabilize the production in the US.

Our EBIDTA increase vs previous year despite continued investments is a result of cost savings in the US plant, implementation of measures to increase productivity and automation at both India and US facility and a healthy product mix in our performance and industrial yarn business.

We are confident of sustaining and improving margins as we ramp up approvals from new customers and gain volume in the US plant, reduce cost of power and fuel, wastage in our plants in India and raise productivity. Towards this objective, we have implemented ISO 9001: 2008 in June 2014, Kaizen, 5S and other quality programs at the shop floor level. Another driver of profitability for us will be debottlenecking of our Vapi facility enabling us to produce 30% more than earlier. Several other programs are underway to raise efficiency and improved utilization levels.



We are cognizant of becoming more a more alert corporate citizen and enhance our contribution to the society at large while focusing on our profitability. This year, one of our identified theme is 'Green growth' whereby we will generate almost the same power from non-conventional energy vs use of grid power, diesel and other polluting fuel sources. In the year under review, we already produced 7.25 MW of power through wind energy vs our total requirement of 5.375 MW. In FY 17 our generation capacity will double.

Our 2nd theme for this year is 'Cash flow enhancement'. For the year under review our cash accruals increased to INR 60.49 cr, a jump of 42.60% YoY. We will maintain a big focus on sustaining increase in cash generation from operation and use it judiciously. A solid free cash generation will help us make use of attractive opportunities in our core business and enhance value for our shareholders.

Last year, we took the decision of splitting the stock into Re.1 /- Per Share from Rs. 10/- Per Share to support the increase in liquidity in the market place. Our market capitalization has increased to INR 527.32 Cr (+23.58%) since then.

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

KRISHNAKUMAR JHUNJHUNWALA - MD & CEO



"Productivity@work" Initiatives by Operations team

In manufacturing in india, it's a common scenario to get caught up in the day to day production and the ideas and thoughts of "continuous improvement" remains a vague and far fetched terminology. At SPFL, however, "continuous improvement" be it large or small has been seeped into our culture. Talking about the smaller improvements we have been making a conscious effort to do...

We started with the ISO 9001 certification 2 years ago and since then improvised and improved it as we grew. It has been a step in helping us move towards becoming a system driven company. The new standard of ISO for the year 2015 has newly released and we are already working towards incorporating the new elements of the standard into our existing systems.

Besides ISO, with an aim of becoming A "lean production" facility, in February 2016, we started with the implementation of 2 Japanese tools which will propel us in this direction, namely "5S" and "Kaizen"

Even though we would call them small because it cannot be directly correlated with a monetary impact, we believe it has a large impact indirectly. It creates an efficiency oriented culture which starts right from the operator on SPFL's shopfloor to the plant head rightly ensuring that efficiency is achieved through team work and is not only a top management priority.

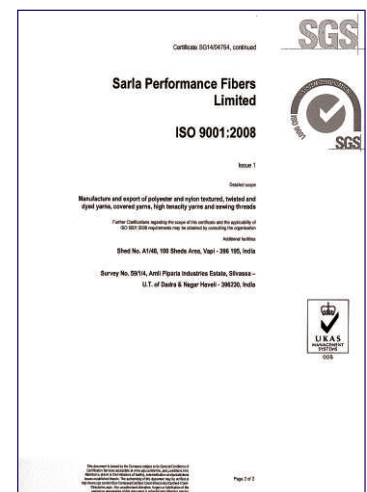
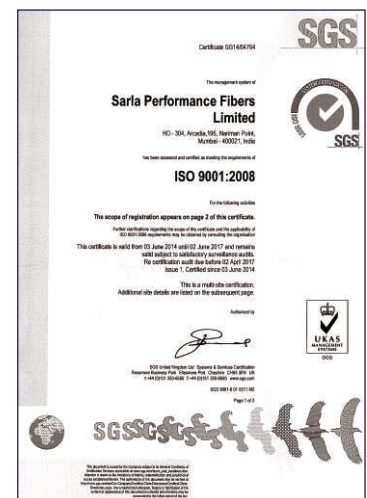
Efficiency would be in the form of reduced wastages, faster movement of material, possible



reduction in production lead time resulting in higher productivity, reduced chances of error and rejections and overall a smoother flow of processes. With regular audits and quarterly reviewing of these tools, it ensures sustainability which eventually contributes to cost reduction efforts and increased revenue.

A few practical examples of improvements done at the plants which will go a long way in saving costs are:

- a) Reduction in average age of of machines at Silvassa to five years from twenty years earlier,
- b) replacement of old and inefficient electrical motors at Silvassa and Vapi,
- c) purchase of power through open access in Silvassa,
- d) de bottle necking in Vapi plant to increase the yearly production by almost 30% mainly done by aligning the processes and operations more efficiently and increasing the utilization levels of the existing machinery,
- e) Debonding of the Vapi dye house from a 100% EOU to a local DTA unit will enable us to get drawbacks and export incentives previously un available to an EOU .



Directors' Report

Dear Members,

Your Directors are pleased to present the Twenty Third Annual Report on the business operations together with the Audited Financial Statements for the financial year ended 31st March, 2016 and on the state of affairs of the Company as on the date of this report.

Corporate Overview

Sarla Performance Fibers Limited ("Your Company") is engaged in the business of Specialty Yarn for Last 22 Years having 25 Manufacturing Plants at Silvassa, UT of Dadra & Nagar Haveli and 1 Dyeing Plant at Vapi, Gujarat and Wholly Owned Subsidiaries (WOS) at British Virgin Islands (BVI) and United States of America (USA) with Group's Corporate Office situated at Mumbai.

FINANCIAL SUMMARY HIGHLIGHTS

The highlights of the performance of the Company for the year ended March 31, 2016 is summarized below:

(Rs. in Lacs)

Particulars	Financial Year ended March 31, 2016	Financial Year ended March 31, 2015
Sales & Operations	25,594.13	27,762.72
Less: Excise Duty	(1,250.39)	(1,069.91)
Net Sales	24,343.73	26,692.80
Add: Other Income	2,181.88	1146.98
TOTAL INCOME	26,525.61	27,839.79
Profit Before Interest, Depreciation & Tax	7,197.69	5,646.31
Less: Finance Cost	508.07	514.48
Less: Depreciation & amortization	1,014.40	913.55
PROFIT BEFORE TAX	5,675.21	4,218.28
Less: Provision for Taxation		
- Current	(1,207.10)	(1,283.60)
- Deferred	202.27	33.26
- Earlier Years	-	-
- MAT credit Entitlement	-	-
NET PROFIT AFTER TAX	4,265.83	2,967.94
Balance brought forward	6,836.62	6,143.42
Excess provision for Dividend distribution tax written back	269.59	88.59
Effect of Change in Method of Depreciation	-	61.74
AMOUNT AVAILABLE FOR APPROPRIATION	11,372.04	9,261.70
APPROPRIATION:		
- Proposed Dividend	208.75	668.02
- Interim Dividend Paid	668.02	-
- Dividend Tax	178.49	133.56
- Transfer to General Reserve	1,500.00	1,500.00
BALANCE CARRIED FORWARD	8,816.77	6,836.62

BUSINESS PERFORMANCE:

Previous Year.

Operations: During the year under review the sales of the Company were Rs. 25,594.13 Lacs as against Rs. 27,762.73 Lacs in 2014-15 a slight decline of 7.81 %. The FOB value of exports Rs. 15,193.24 Lacs compared to Rs 15,693.58 Lacs.

Profitability: The profit before Depreciation, Interest & Tax was Rs. 7,197.69 Lacs as compared to Rs. 5,646.31 Lacs In Previous year, after providing for depreciation of Rs. 1,014.40 Lacs (Previous Year Rs. 913.55 Lacs) & provision for taxation of Rs. 1207.10 Lacs (Previous Year Rs. 1,283.60 Lacs), there was a net profit of Rs. 4,265.83 Lacs as compared to Rs. 2,967.94 Lacs in the

MANAGEMENT DISCUSSION & ANALYSIS:

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

The key to growth is the introduction of higher dimensions of consciousness into our awareness. - Lao Tzu

Directors' Report

A. Business Overview

Economy: The Global economy disappointed in terms of growth, with deceleration of activities in key emerging and developing economies like China, Brazil, Russia overshadowing a modest recovery in major high income countries. The deceleration was accompanied by declines in commodity prices, subdued global trade, bouts of financial market volatility and weakening capital flows. India was a notable exception, growing at 7.6% as per Central Statistical Office (CSO) estimates, despite declines in exports. Inflation has come down, however industrial activity and consumption have not been buoyant.

Three key transitions will influence the global outlook for growth – pace of rebalancing in China, commodity prices and monetary policy actions in the US and other major economies. For India, though the long term prospects for continued growth remain undiminished, actual pace will depend on revival in private investment and rural consumption, strengthening of banks balance sheets and Continued implementation of economic reforms.

Business Overview: Sarla Performance Fibers Limited is a leading exporter of Regular as well as High Tenacity Polyester and Nylon Yarns. It started operations 22 years ago as a commodity

Turnover Break Up (Customer Segment-wise)

Segments	FY 2015-16 (% of Total Sales)	FY 2014-15 (% of Total Sales)
Commodity Yarn	17.96	17.76
Industrial Yarn	45.05	43.54
Performance Yarn	36.99	38.70
	100.00	100.00

Turnover Break Up (Geographical)

Regions	FY 2015-16 (% of Export Sales)	FY 2014-15 (% of Export Sales)
South, North & Central America	27.53	18.27
Middle East & Europe	35.34	38.20
Africa	3.99	6.35
Asia Pacific	33.14	37.18
	100.00	100.00

In all, we export to over 45 countries and to 127 customers. Our customer concentration is well distributed and no single customer exceeds more than 10% of our revenue.

B. Opportunities and Threats:

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

Indian Textile and Apparel industry contributes about 14% to industrial production, 5% to GDP and 17% to country's export earnings.

The domestic textile and apparel industry in India is estimated to

reach US\$ 223 billion by 2021 from US\$ 108 billion in 2015. The fundamental strength of this industry flows from its strong production base of wide range of fibres and yarns ranging from natural fibres to man-made fibres.

SPFL also owns Wind Power Capacity of 10.25 MW in totality, out of which 6 MW is located in the state of Maharashtra, 1.25 MW is located in the state of Gujarat and 3 MW is located in the state of Madhya Pradesh. Our plant load factor for the fiscal year 2016 was about 23%.

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

- 1) Commodity Yarn.
- 2) Industrial Yarn.
- 3) Performance Yarn.

Discontent is the first necessity of progress.

The future for the Indian textile industry looks promising, buoyed by strong domestic consumption. The Government has introduced the Amended Technology Upgradation Fund Scheme (ATUFS) to give a further boost for technology investment in the textile industry. The ATUFS targets employment generation, exports, conversion of

Directors' Report

existing looms to better-quality technology looms and improved quality of processing industry. The ATUFS is expected to act as a catalyst to the Government's 'Make in India' campaign for the textile sector. Approval has also been given for 24 new textile parks which will further create employment opportunities and investments. The long awaited National Textile policy to be announced shortly will further accelerate growth in this sector.

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, USA through our manufacturing facility. Moreover, there are substantial cost advantage of manufacturing in the USA making us reasonably cost competitive vis a vis suppliers from China, ASEAN and India.

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

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

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

While we remain optimistic about future growth, We expect margin to remain flat at consolidated level in FY17, due to increase in operating expenditure, interest cost and depreciation on account of the new facility at US. The full reflection of the US plant will be felt in FY18.

D. Financial Performance:

(Rs. in Lacs)

Item	2015-2016	2014-2015	% increase
Raw Material Cost& Purchase of Stock in trade	12,254.93	14,986.31	-18.23%
Expenditure	7,600.95	7,744.32	-1.85%
EBIDTA	7,197.69	5,646.31	27.48%
Interest Cost and Debt	508.08	514.48	-1.24%
Fixed Assets (Gross Block)	20,075.28	16,430.91	22.18%
Net Current Assets	6,716.81	5767.21	16.46%
Working Capital Finance	9,233.57	10,086.86	-8.46%
Cash & Bank Balances	9,868.45	8,552.91	15.38%

(Note: standalone performance comparison, Rupees in lacs)

Raw Material Cost: The cost of Raw Material decreased due to decrease in purchase price of raw materials. Our total raw material cost decreased by 7.72% last year.

Expenditure: It reduced by 1.85% due to better negotiation.

Interest Cost: The interest cost decreased by 1.24 % due to better management of working capital and better negotiation with banker.

Fixed Assets: The increase in Gross Block of Fixed Asset of Rs. 2,356.48 Lacs is due to installation of 2 new wind mill with capacity of 1.5 MW each in the state of Madhya Pradesh and Balance is due to normal upgradation of Plant & Machinery.

Net Current Assets: Net Current Assets have increased due to better management of working capital.

Cash and Bank Balances: The increase in cash and bank balances is due to increase in term deposits with banks.

E. Risk and Concerns

Raw material sourcing: We source 44% of our RM requirements (nylon and polyester chips/fiber) from India and 56 % from imports. For our RM sources we have multiple suppliers. Last year, the price of our major RM POY ranged between Rs 65 to 85 per kg and that of Nylon yarn ranged between Rs 175 to 220 per kg.

Interest Rates: The Company's average gross interest cost in the last year decreased by 1.24 %. The company's present Debt Equity Ratio is 0.64. The long term Debt equity Ratio is 0.58. Interest costs are 1.91% of total revenue.

Exchange Rate: 55% per cent of company revenue is in foreign currency (Dollar, Euro & GBP) and balance is in INR. Also, we import 30.28% per cent of turnover (78.80% 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 FY16, 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

Love dies only when growth stops.

SARLA PERFORMANCE FIBERS LIMITED

Directors' Report

pass on inflationary pressures. It does not expect any major impact due to current high level of inflation.

F. Internal Control System and Their Adequacy: The company has in place reasonable internal control system both from the business process and regulatory compliance point of view. The system is reviewed and updated on regular basis. The company is continuously upgrading its internal control systems by measures such as strengthening of Information Technology infrastructure and use of external management consultant services.

G. Human Resources/Industrial Relations: The Company has always valued and nurtured its human resources, nonetheless, globalization, high growth of the Indian economy in recent times and its ambitious growth targets have made talent attraction and

retention amongst the biggest challenges the company faces today.

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

H. Capital Expansion and Investment:

a. Last year, we incurred a CAPEX of Rs. 3,689.51 Lac which includes addition in Wind mill of Rs. 2,356.49 Lacs. For F.Y. 2016-17 we envisage CAPEX of Rs. 800.00 Lacs in textile segment and CAPEX of Rs. 1,500.00 Lacs in Wind Mills.

I. Value Added Statement

(Rs. in Lacs)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Income from Production/Operations	24,871.70	27,229.95	24,365.14	23,668.86	18,979.62
Add : Other Income	2,181.88	1,146.98	783.89	78.50	144.26
CORPORATE OUTPUT	27,053.58	28,376.94	25,149.03	23,747.36	19,123.88
Less : Cost of Raw Materials Consumed	11,095.02	12,023.68	12,718.59	11,584.96	10,118.67
Less : Cost of Traded Goods	1,159.90	2,962.63	1,307.76	1,173.39	770.05
Less : Other Manufacturing Expenses	4,847.21	4,792.65	4,192.62	4,066.11	3,588.94
Less : Administrative & Other Expenses	1,922.64	2,173.37	1,760.33	2,543.43	1,705.23
EQUALS GROSS VALUE ADDED	8,028.81	6,424.61	5,169.72	4,379.47	2,940.99
Less : Depreciation & Amortization	1,014.40	913.55	935.98	802.72	704.15
Less : Extra Ordinary/Prior Period Items	-	-	-	-	-
EQUALS NET VALUE ADDED	7,014.41	5,511.06	4,233.75	3,576.75	2,236.84
ALLOCATION OF NET VALUE ADDED					
To Personnel	831.09	778.28	619.19	494.13	417.46
To Taxes (including tax on proposed div.)	1,587.87	1,383.90	1,087.74	791.17	521.86
To Creditors (via interest)	508.07	514.48	388.89	431.08	269.69
To Investors (via dividend)	876.78	668.02	521.27	417.02	347.52
To The Company (via retained earnings)	3,210.60	2,166.38	1,616.66	1,443.35	680.30
	7,014.41	5,511.06	4,233.75	3,576.75	2,236.83

DIVIDEND:

Based on the Company's performance, the Company have paid an interim dividend of Rs. 0.80 per share (80 %) on the face value of Re. 1/- each, further looking at good performance of the Company the Directors are pleased to recommend which is subject to approval of the members at the forthcoming AGM a final dividend of Rs. 0.25 per share (25 %) on the face value of Re 1/- each for the financial year ended 31st March, 2016 [Previous Year Rs 8.00 per share (80%)], The dividend payout will aggregate Rs. 208.75 Lacs (Previous year: Rs. 668.02 lacs) and the tax on distributed profits payable by the Company would amount to Rs. 178.50 Lacs (Previous year Rs. 133.56 lacs). The dividend shall be paid to members, whose names appear in the Register of Members as on 23rd September, 2016.

TRANSFER TO RESERVE:

The Company proposes to transfer of an amount of Rs 1,500 Lacs to General Reserves (Previous year Rs. 1,500 Lacs).

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

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

BOARD MEETINGS:

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

Growth begins when we begin to accept our own weakness.

Directors' Report

During 2015-16, the Board met Seven (7) times on 14th May, 2015, 29th May, 2015, 1st August, 2015, 12th August, 2015, 31st October, 2015, 22nd January, 2016, and 12th March, 2016 and in no case the gap between two Board Meetings was more than 120 days.

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

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

SHARE CAPITAL:

The paid up Equity Share Capital as on 31st March, 2016 was Rs. 835.03 Lacs. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. During the year the Company have split its equity shares of face value of Rs. 10 each to Re. 1 each, w.e.f 29th October 2015.

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

FINANCE AND ACCOUNTS:

Cash and cash equivalent as at 31st March, 2016 was Rs. 9,868.44 Lacs. There was a significant increase of 15.38% in Cash and Cash equivalent in the F.Y. 2015-16 which mainly due to the increase in fixed deposits.

Your Company prepares its financial statements in compliance with the requirements of the Companies Act, 2013 and the Generally Accepted Accounting Principles (GAAP) in India. The financial statements have been prepared on historical cost basis. The estimates and judgements relating to the financial statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profit and cash flow for the year ended 31st March, 2016.

DEPOSITS:

The Company has not accepted any Deposit covered under Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposit) Rules, 2014

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements. The interest free loans have

been given to wholly owned subsidiary of the company's for business purposes.

CORPORATE SOCIAL RESPONSIBILITY:

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

The CSR Committee had met on 31st October, 2015. The Company was required to make CSR contribution aggregating to 2% of average net profits of preceding three financial years. The Committee earmarked Rs. 92.96 Lacs towards company's CSR activities for financial year under review. However, the Committee was by then in process of identifying areas where it could contribute money. Hence, the company could not contribute to CSR in time, the full amount required. Efforts would be made to contribute more in the coming years as we feel the sense of social security. The CSR Policy is available on the Company Website at www.sarlafibers.com.

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

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

WHISTLE BLOWER POLICY:

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

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

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

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

Directors' Report

this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2015-16

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

SUBSIDIARIES:

The Company will make available, the Annual Accounts of the subsidiary Companies to any Member of the Company who may be interested in obtaining the same.

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

The Company is not having any Holding Company or Joint Venture

The salient features of the financial statements of the subsidiaries in pursuance of Section 129 (3) of the Companies Act, 2013, read with Rule 5 of The Companies (Accounts) Rules, 2014 are given herein below in prescribed form AOC-1:

(Rs. in Lacs)

Name of the Subsidiary	Sarla Overseas Holdings Ltd (SOHL)	Sarlaflex Inc	Sarla Europe LDA (Subsidiary of SOHL)
Reporting period for the subsidiary	April to March	April to March	April to March
Reporting Currency	USD	USD	EURO
Conversion Rate	66.33	66.33	75.09
Number of Shares	4,35,000	9,89,000	3
Share Capital	196.99	596.49	3.18
Reserve and Surplus	6,244.89	(2,726.31)	(69.98)
Total Assets	8,030.50	17,823.85	241.34
Total Liabilities	1,588.62	19,953.67	308.15
Investments	-	6,051.89	-
Turnover	4,098.60	5,194.35	284.44
Profit before Taxation	1,517.31	(775.14)	40.70
Provision for Taxation	16.48	860.30	16.48
Profit after Taxation	1,500.83	85.15	24.22
Proposed Dividend	1,331.38	-	-
% of shareholding	100%	100%	60%
Country	British Virgin Island	United States of America	Portugal

CONSOLIDATED FINANCIAL STATEMENTS

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

The audited financial statements for the year ended 31st March, 2016 for each of the company's subsidiary are available on the company website www.sarlafibers.com

DIRECTORS & KMP:

On the recommendation of Nomination and Remuneration Committee Board of Directors had re-appointed Shri Krishnakumar Jhunjhunwala as Managing Director of the Company for a period of five years effective from 1st October, 2014 to 30th September, 2019

or any Associates Company.

The Company does not have any Indian Company as Subsidiary. There are two wholly owned overseas subsidiaries viz. Sarla Overseas Holdings Ltd (BVI) and Sarlaflex Inc. (USA) and one Step down subsidiary viz. Sarla Europe (LDA) as on 31st March, 2016. There has been no material change in the nature of the business of the subsidiaries. The Policy for determining material subsidiaries as approved may be accessed on the Company's website at www.sarlafibers.com.

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

and approved variation in remuneration for the period of five years. The said appointment is confirmed by Shareholders in Annual General Meeting of the company held on 28th September, 2015.

Pursuant to provisions of Section 196(3)(a) of the Companies Act, 2013, continuation of appointment of Shri Madhusudan Jhunjhunwala as Whole Time Director of the Company was consented by the members at the Annual General Meeting held on 27th September, 2014 for his remaining term upto 31st July, 2015. Thereafter, at the Board Meeting held on 1st August, 2015 on the recommendation of Nomination and Remuneration Committee he was re-appointed for a period of Five years from 1st August, 2015 to 31st July, 2020. The said appointment is confirmed by Shareholders in Annual General Meeting of the company held on 28th September, 2015.

During the year under review, in compliance of provisions of Section

Directors' Report

149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors on 31st March, 2015 appointed women director viz. Ms. Neha Jhunjhunwala as Additional (non-executive non-independent) Director of the Company, who is liable to retire by rotation. She holds office till the conclusion of the ensuing Annual General Meeting. A notice has been received from a member of the Company proposing her candidature for the post of Director. In view of the same, she offers herself for re-appointment at the forthcoming Annual General Meeting.

Other than this No Director or Key Managerial Personnel was appointed or has resigned during the year under consideration.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

ANNUAL PERFORMANCE EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee, CSR Committee, Nomination & Remuneration Committee, Risk Management Committee and Stakeholder Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

NOMINATION AND REMUNERATION POLICY

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

Particulars of Employees drawing remuneration exceeding Rs. 5 Lacs per month or Rs. 60 Lacs per annum:

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

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

1. The Ratio of the remuneration paid to each Director to the median remuneration of the employees of the Company during the year under consideration:

Name of Director	Remuneration Paid	Median Remuneration	Ratio
Mr. Madhusudan S. Jhunjhunwala (Chairman, Executive Director)	1,08,00,000	1,26,000	85.71x
Mr. Krishnakumar M. Jhunjhunwala (Managing Director)	1,20,00,000	1,26,000	95.23x

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)	1,08,00,000	35.00%
Mr. Krishnakumar M. Jhunjhunwala (Managing Director)	1,20,00,000	25.00%
Mr. Mahendra Sheth (CFO & Company Secretary)	34,08,270	145.00%

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

4. The number of permanent employees on the rolls of company: 182.

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

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

- i) Change in sales of the Company: -7.81% increase
- ii) Change in the PAT of the Company: 30.43% increase
- iii) Change in the remuneration of Mr. Madhusudan Jhunjhunwala, Mr. Krishnakumar Jhunjhunwala and Mr. Mahendra Sheth (KMPs) (As Mentioned in Sr. No. 2)

Name of Director	Remuneration paid	Percentage Increase in current financial year
Mr. Madhusudan S. Jhunjhunwala (Chairman, Whole-time Director)	1,08,00,000	35.00%

Directors' Report

Mr. Krishnakumar M. Jhunjhunwala (Managing Director)	1,20,00,000	25.00%
Mr. Mahendra Sheth (CFO & Company Secretary)	34,08,270	145.00%

7. Increase in the remuneration paid to the Executive Directors (As mentioned above)

Three is no Increase in sitting fees paid to the Independent Directors and Non Executive Directors:

8. Variations in the market capitalisation*

2015 - Rs. 309.13 Cr

2016 - Rs. 527.32 Cr

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

Price Earning Ratio* as on 31st March 2015: 9.43

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

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that year;
- that the Directors have taken proper and sufficient care for

maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. that the annual accounts have been prepared on a 'going concern' basis.

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

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

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business except one transaction details of which is mentioned in Form AOC-2 attached as Annexure C of this Report. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

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

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

AUDITORS AND AUDITORS' REPORT

STATUTORY AUDITORS:

The Members at the Twenty-first Annual General Meeting approved the appointment of M/s. Sundarlal, Desai & Kanodia, Chartered Accountants, (Firm Registration No. 110560W), as Statutory Auditors of the Company pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder to hold office for a period of 3 years till the conclusion of the Twenty Forth Annual General Meeting of the Company, subject to ratification of their appointment at every AGM.

M/s. Sundarlal, Desai & Kanodia have confirmed that they continue to be eligible under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for continuing as Auditors of the Company. As required by the Companies Act, 2013, the Members are requested to ratify their appointment as Auditors for the FY 2016-2017.

Directors' Report

AUDITORS' QUALIFICATION:

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

SECRETARIAL AUDIT:

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

The Secretarial Auditor has made following observations.

I) Under the Companies Act, 2013:

The Company has not spent full amounts due, during financial year 2015-16, 2% of average net profit of last three financial years, towards Corporate Social Responsibilities activities pursuant to Section 135 of the Companies Act, 2013.

Board's Reply to Secretarial Auditors' observations.

I) Under the Companies Act, 2013:

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

COST AUDIT:

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with Rule 4 of the Companies (Cost Records and Audit) Rules, 2014 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations by the Audit Committee in that behalf, Ashwini Kumar Gupta & Co., Cost Accountants, Aurangabad (Membership No. 34097), 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, 2015 to 31st March, 2016 by circular resolution dated 25th September, 2015.

DISCLOSURES:

AUDIT COMMITTEE:

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

VIGIL MECHANISM:

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

CORPORATE GOVERNANCE:

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

EXTRACT OF THE ANNUAL RETURN:

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

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

EMPLOYEES RELATIONS:

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

ACKNOWLEDGMENT:

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place: Mumbai

Date: 11th August, 2016

Directors' Report



ANNEXURE-A

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

Particulars required under Section 134(3)(m) of the Companies Act, 1956 read with the Rules 8(3) of the Companies (Account) Rules, 2014.

a) Steps taken or impact of conservation of energy during 2015-2016: In line with Companies Commitment towards conservation of energy, all units have made continuous efforts aimed at improving energy efficiency through improved operational and maintenance practices. The Company have taken following steps during the year under review:

- Replacement of inefficient motors with energy efficient motors

- Overhauling of Machines for effective energy utilization
- Replacement of HPMV lightings with LED lights

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

c) The Capital investment on energy conservation equipment's during the year is about Rs. 10 Lacs.

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports:

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

made towards this.

b) Total foreign exchange expended and earned:

Sr. No.	Particulars	Current Year (Rs Lacs)	Previous Year (Rs Lacs)
1.	Total foreign exchange earned (FOB)	15,194.24	15,693.58
2.	Total foreign exchange used	8,184.65	9,732.66

FOR AND ON BEHALF OF BOARD OF DIRECTORS

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

Place: Mumbai

Date: 11th August, 2016

Directors' Report

ANNEXURE-B

Annual Report on Corporate Social Responsibility (CSR) Activities

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

CSR Policy is stated herein below:

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

Composition of the CSR Committee:

Mr. Madhusudan Jhunjhunwala - Chairman
Mr. Jigar Shah - Member
Mr. Parantap Dave - Member

Average net profit of the Company for last three financial years:
Rs. 4,648 Lacs

Prescribed CSR Expenditure (two percent of the Average Net Profit as detailed above) : Rs. 92.96 Lacs

Details of CSR spend for the financial year:

A **Total amount spent for the financial year:** Rs. 5.93 Lacs

B **Amount unspent, if any:** Rs. 87.03 Lacs

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

(Rs. in Lacs)

Sr. No.	CSR Project or Activities	Sector	Location Districts (State)	Amount Outlay (Budget)	Amount Spent	Cumulative Expenditure upto the reporting period	Amount Spent Direct or through implementing Agency
1	Healthcare to the local community including preventive Healthcare/ nutrition/sanitation and improving the infrastructure	Health	Amravati, Maharashtra	92.96	5.93	5.93	Directly - 5.93 Through Implementing Agency - Nil
	TOTAL			92.96	5.93	5.93	5.93

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

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

Responsibility Statement:

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

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA

Chairman and Whole Time Director

DIN: 00097254

Place: Mumbai

Date: 11th August, 2016

*The entire North Polar ice cap is disappearing before our very eyes.
It's been the size of the continental United States for the last 3 million years and
now 40 percent is gone and the rest of it is going.*

Directors' Report



ANNEXURE-C

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

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

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

(Rs. in Lacs)

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

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

Name of Related Party	Nature of Relationship	Duration of Contract	Terms of Contract	Amount (Rs In Lacs)
SALE OF GOODS				
Sarla Overseas Holdings Ltd, BVI	Wholly Owned Subsidiary	Ongoing	Arm's Length basis	2,728.32
Sarlaflex Inc, USA	Wholly Owned Subsidiary	Ongoing	Arm's Length basis	1,012.56

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Mumbai
Date: 11th August, 2016

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

Directors' Report

ANNEXURE-D

Form No. MR-3: SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

To,

The Members,

Sarla Performance Fibers Limited

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 Secretary 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"). 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, 2016 ('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, 2016** according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) 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 Bye - 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 (Applicable w.e.f 15th May, 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Applicable until 14th May, 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 (Applicable w.e.f. 1st December, 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 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.

Directors' Report

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

Secretarial Standards issued by The Institute of Company Secretaries of India (**applicable w.e.f. 1st July, 2015**).

The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (Applicable up to 30th November, 2015).

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

Under Companies Act, 2013:

The Company has not spent full amounts due, during financial year 2015-16, 2% of average net profit of last three financial years, towards Corporate Social Responsibilities activities pursuant to Section 135 of the Companies Act, 2013.

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

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

**CS Ajit Sathe
(Proprietor)**

FCS No. 2899
COP No. 738

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.

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

Date: 11th August, 2016
Place: Mumbai

*Co2 is the exhaling breath of our civilization, literally...
Changing that pattern requires a scope, a scale, a speed of change
that is beyond what we have done in the past.*

Directors' Report

Annexure-I

To,
The Members,
Sarla Performance Fibers Limited,
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

For A. Y. Sathe & Co.
Company Secretaries

CS Ajit Sathe
(Proprietor)

FCS No. 2899
COP No. 738

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.

Date: 11th August, 2016

Place: Mumbai

Directors' Report



ANNEXURE-E

EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

{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
vi. Whether Listed Company	Yes
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. Name and Description of main No. products/services	NIC Code of the Product/service	%to total turnover of the company
1. Manufacturing of Yarn	20301-20304	94.66%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

Directors' Report

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

i) Category-wise Share Holding

Category of Shareholders	No. Of shares held at the beginning of the year (As on April 1, 2015)				No. Of shares held at the end of the year (As on March 31, 2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	33,13,105	0	33,13,105	39.68%	3,31,31,050	0	3,31,31,050	39.68%	0.00%
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	12,96,649	0	12,96,649	15.53%	1,29,66,490	0	1,29,66,490	15.53%	0.02%
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)	46,09,754	0	46,09,754	55.21%	4,61,17,540	0	4,61,17,540	55.23%	0.03%
2) Foreign									
a) NRIs - Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other - Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corp	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any Other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-Total (A)(2)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Total Shareholding of Promoter									
(A) = (A)(1)+(A)(2)	46,09,754	0	46,09,754	55.21%	4,61,17,540	0	4,61,17,540	55.23%	0.03%
Public Shareholding									
1) Institutions									
a) Mutual Funds	14,25,697	0	14,25,697	17.07%	1,19,54,529	20,000	1,19,74,529	14.34%	-2.73%
b) Banks/FI	50	0	50	0.00%	11,548	0	11,548	0.01%	0.01%
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	4,000	0	4,000	0.05%	40,000	0	40,000	0.05%	-0.01%
f) Insurance Co.	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIs	0	0	0	0.00%	0	0	0	0.00%	-0.02%
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%	35,000	0	35,000	0.04%	0.00%
Sub-Total (B)(1)	14,29,747	0	14,29,747	17.12%	1,20,41,077	20,000	1,20,61,077	14.44%	-2.75%

Directors' Report

Category of Shareholders	No. Of shares held at the beginning of the year (As on April 1, 2015)				No. Of shares held at the end of the year (As on March 31, 2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non Institutional									
a) Bodies Corp.									
i) Indian	1,41,707	8,000	1,49,707	1.79%	53,85,670	80,000	54,65,670	6.55%	4.75%
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	6,39,699	1,79,671	8,19,370	9.81%	97,20,143	16,44,860	1,13,65,003	13.61%	3.80%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1L	9,07,552	0	9,07,552	10.87%	69,75,405	0	69,75,405	8.35%	-2.52%
c) Others									
Clearing Member	3,05,795	0	3,05,795	3.66%	1,28,068	0	1,28,068	0.15%	-3.51%
Foreign Nationals									
NRI (Repat)	80,875	47,500	1,28,375	1.54%	12,35,123	0	12,35,123	1.48%	-0.06%
NRI(Non Repat) Trust					1,55,114	0	1,55,114	0.19%	0.19%
Sub-Total (B)(2)	20,75,628	2,35,171	23,10,799	27.67%	2,35,99,523	17,24,860	2,53,24,383	30.33%	-2.10%
Total Public Shareholding (B) = (B)(1)+(B)(2)	35,05,375	2,35,171	37,40,546	44.80%	3,56,40,600	17,44,860	3,73,85,460	44.77%	-4.85%
C. Shares held by Custodian for GDRs & ADRs	0	0	0	-	0	0	0	-	-
Grand Total (A+B+C)	81,15,129	2,35,171	83,50,300	100.00%	8,17,58,140	17,44,860	8,35,03,000	100.00%	0.00%

*The increase in number of shares is due to sub-division of shares from 1 share of Fv of Rs. 10 Each to 10 Shares of FV of Re. 1/-.

"You have to decide what your highest priorities are and have the courage-pleasantly, smilingly, non-apologetically - to say 'no' to other things. And the way you do that is by having a bigger 'yes' burning inside".

Directors' Report

ii) Shareholding of Promoters & Promoter Group

Sr. No.	Shareholder's name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	Madhusudan Jhunjunwala	1,94,500	2.33%	1,94,500	19,45,000	2.33%	–	0.00%
2.	Krishnakumar Jhunjunwala	1,30,000	1.56%	1,30,000	13,00,000	1.56%	–	0.00%
3.	Vrinda K. Jhunjunwala	64,700	0.77%	64,700	6,47,000	0.77%	–	0.00%
4.	Sarladevi M. Jhunjunwala	3,88,400	4.65%	3,88,400	38,84,000	4.65%	–	0.00%
5.	Satidham Industries Pvt. Ltd.	12,72,791	15.24%	12,72,791	1,27,47,910	15.27%	–	0.03%
6.	Hindustan Cotton Co. - Through its partner	21,16,479	25.35%	21,16,479	2,11,64,790	25.35%	–	0.00%
7.	Krishnakumar & Sons (HUF) Through its Karta	32,500	0.39%	32,500	3,25,000	0.39%	–	0.00%
8.	Madhusudan Jhunjunwala (HUF)	3,86,526	4.63%	3,86,526	38,65,260	4.63%	–	0.00%
9.	Sarla Estate Developers Pvt. Ltd.	18,358	0.22%	18,358	1,83,580	0.22%	–	0.00%
10.	Harmony Estates Pvt. Ltd.	5,500	0.07%	5,500	55,000	0.07%	–	0.00%

*The increase in number of shares is due to sub-division of shares from 1 share of Fv of Rs. 10 Each to 10 Shares of FV of Re. 1/-.

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

Sr. No.	Shareholder's name	Share holding at the beginning of the year		Share holding at the end of the year		% change in share holding during the year*
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
1.	Madhusudan Jhunjunwala & Sons (HUF)	3,86,526	4.63%	38,65,260	4.63%	0.00%
2.	Satidham Industries Pvt Ltd	12,72,791	15.24%	1,27,47,910	15.27%	0.03%
3.	Harmony Estates Pvt Ltd	5,500	0.07%	55,000	0.07%	0.00%
4.	Madhusudan Jhunjunwala	1,94,500	2.33%	19,45,000	2.33%	0.00%
5.	Krishnakumar Jhunjunwala	1,30,000	1.56%	13,00,000	1.56%	0.00%
6.	Krishnakumar & Sons (HUF)	32,500	0.39%	3,25,000	0.39%	0.00%
7.	Vrinda Jhunjunwala	64,700	0.77%	6,47,000	0.77%	0.00%
8.	Sarladevi Jhunjunwala	3,88,400	4.65%	38,84,000	4.65%	0.00%
9.	Hindustan Cotton Company	21,16,479	25.35%	2,11,64,790	25.35%	0.00%
10.	Sarla Estate Developers Pvt Ltd	18,358	0.22%	1,83,580	0.22%	0.00%
TOTAL		46,09,754		4,61,17,540		

*The increase in number of shares is due to sub-division of shares from 1 share of Fv of Rs. 10 Each to 10 Shares of FV of Re. 1/-.

Directors' Report



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

Sr. No.	Shareholder's name	Share holding at the beginning of the year		Share holding at the end of the year		% change in share holding during the year*
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
1.	HDFC Small & Midcap Fund	7,43,817	8.91%	74,38,170	8.91%	0.00%
2.	Anil Kumar Goel	3,40,000	4.07%	27,34,750	3.28%	-0.80%
3.	DSP BlackRock Equity Savings	0	0.00%	23,68,909	2.84%	2.84%
4.	Dalal Broacha Stock Broking Pvt. Ltd.	2,71,385	3.25%	17,50,920	2.10%	-1.15%
5.	HSBC Midcap Equity Fund	0	0.00%	14,66,780	1.76%	1.76%
6.	Old Mutual Global Investor Services	0	0.00%	9,89,310	1.18%	1.18%
7.	SeemaGoel	1,00,000	1.20%	7,90,000	0.95%	-0.25%
8.	Own Lease and Finance Pvt Ltd	6,764	0.00%	7,68,460	0.92%	0.92%
9.	Vipul P Dalal	85,050	1.02%	6,94,910	0.83%	-0.19%
10.	Canara Robeco Mutual Fund	1,59,880	1.91%	6,80,670	0.82%	-1.10%

*The increase in number of shares is due to sub-division of shares from 1 share of Fv of Rs. 10 Each to 10 Shares of FV of Re. 1/-.

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors/KMP	Share holding at the beginning of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	Directors				
1.	Madhusudan S. Jhunjunwala				
	At the beginning of the Year	1,94,500	2.79%	1,94,500	2.79%
	Purchase / Sales	0	0	0	0
	At the end of the year	19,45,000	2.79%	19,45,000	2.79%
2.	Krishnakumar M. Jhunjunwala				
	At the beginning of the Year	1,30,000	1.87%	1,30,000	1.87%
	Purchase / Sales	0	0	0	0
	At the end of the year	13,00,000	1.87%	13,00,000	1.87%
	Other KMP				
1.	Mahendra Sheth				
	At the beginning of the Year	280	0.00%	280	0.00%
	Purchase / Sales	0	0	0	0
	At the end of the year	2,800	0.00%	2,800	0.00%

*The increase in number of shares is due to sub-division of shares from 1 share of Fv of Rs. 10 Each to 10 Shares of FV of Re. 1/-.

V. INDEBTEDNESS

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

(based on Consolidated Financial Statement)

(Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
Working Capital	14,074.96	225.24	0.00	14,300.20
Term Loan (ECB)	11,143.65	429.61	0.00	11,573.26
ii) Interest due but not paid				
iii) Interest accrue but not due				
Total (i+ii+iii)	25,218.61	654.85	0.00	25,873.46

Directors' Report

(Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
Additional (Net change)	1,349.69	0.00	0.00	1,349.69
Reduction	0.00	397.31	0.00	397.31
Net Charges	1,349.69	397.31	0.00	1,747.00
Indebtedness at the end of the financial year				
i) Principal Amount				
Working Capital	10,560.17	226.64	0.00	10,786.81
Term Loan	16,008.13	30.90	0.00	16,039.03
ii) Interest due but not paid				
iii) Interest accrue but not due				
Total (i+ii+iii)	26,568.30	257.54	0.00	26,825.84

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Shri. Krishnakumar Jhunjunwala	Shri. Madhusudan Jhunjunwala	Total Amount
		MD	WTD	
1	Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	120.00	108.00	228.00
	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	0.00
	As % of profit			
	Others specify (performance Linked Incentive)			
5.	Others, please specify	0.00	0.00	0.00
	Total (A)	120.00	108.00	228.00

B. Remuneration to other directors:

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri. Arun Vaid	Shri. Jigar Shah	Shri. Parantap Dave	Ms. Neha Jhunjunwala	
1. Independent Directors						
	Fee for attending board committee meetings	0.50	0.70	0.70	0.70	2.60
	Commission	0.00	0.00	0.00	0.00	0.00
	Others, please specify					
	Total	0.50	0.70	0.70	0.70	2.60

Directors' Report



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

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		CFO & Company Secretary	Total
1	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	34.08	34.08
	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:	34.08	34.08

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any (give details)
	A. COMPANY				
	Penalty		NA	NA	NA
	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

Place: Mumbai
Date: 11th August, 2016

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

Green growth means fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies.

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 Clause 49 of the Listing Agreement (applicable up to 30 November 2015) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") (with effect from 1st December 2015).

The Director's present the Company's Report on Corporate Governance for the year ended 31st March, 2016

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

principles:

- Appropriate composition and size of the Board, with each Director bringing in key expertise in different areas.
- Proactive flow of accurate information to the members of the Board and Board Committees to enable effective discharge of fiduciary duties.
- Ethical business conduct by the Board, management and employees.
- Well-developed systems and processes for internal controls across all operations, risk management and financial reporting.
- Protect and facilitate the exercise of shareholders' rights.
- Adequate, timely and accurate disclosure of all material operational and financial information to the stakeholders.

2. BOARD OF DIRECTORS:

A. Composition of Board:

The Composition of the Board meets with the stipulated requirements of the Corporate Governance Code under the Listing Agreement with the Stock Exchanges.

The Board of Directors as on 31st March, 2016 and as on the date of this report comprises optimum combination of Executive and Non-Executive Directors. The present strength of the Board is Six Directors, consisting of the Managing Director, a regular Executive Chairman and four other Non-Executive Directors, out of which three are Independent Directors and one is a Woman Director who is not Independent.

The information on composition of the Board, category of Directors, attendance at Board meetings held during the year and at the last Annual General Meeting, Directorships in other companies and committees of other companies of which the Director is a member/Chairman is as under:

Name of Directors	Category	Financial Year 2015-16		Attendance at the Last AGM	No. of other directorships and committee Memberships / Chairmanships in other Companies* Incorporated in India		
		Board Meetings held	Board Meetings Attended		Directorship	Committee Membership**	Committee Chairmanships**
Mr. Madhusudan S. Jhunjunwala	Chairman - Executive - Promoter	7	6	Yes	-	-	-
Mr. Krishnakumar M. Jhunjunwala	Managing Director - Promoter	7	4	Yes	-	-	-
Mr. Arun Vaid	Director Non-Executive Independent	7	5	No	-	-	-
Mr. Jigar A. Shah	Director Non-Executive Independent	7	7	Yes	-	-	-
Mr. Parantap Dave	Director Non-Executive Independent	7	7	No	3	3	1
Ms. Neha Jhunjunwala	Director Non-Executive Non-Independent	7	7	Yes	-	-	-

* Does not include Directorship in Private Limited / Section 8 Companies.

** In counting committee memberships and chairmanships, only Audit Committee and Stakeholder Relationship Committee are counted.

Corporate Governance Report

None of the Directors of the Board is a member of more than 10 Committees and no Director is a Chairman 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.

None of the Non-Executive Directors held any equity shares of the company during the financial year ended 31st March, 2016.

During the year under review, 7 Board Meetings were held on 14th May, 2015, 29th May, 2015, 1st August, 2015, 12th August, 2015, 31st October, 2015, 22nd January, 2016, and 12th March, 2016. The maximum gap between any two Board meeting was less than 120 days.

Relationship among the Directors:

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

B. INDEPENDENT DIRECTORS:

The Non-Executive Independent Directors fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Rules made thereunder and meet with the requirements of Clause 49 of the Listing Agreement (up to 30 November 2015) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (with effect from 1 December 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 available on Company website at 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, separate meeting of the Independent Directors was held on 1st August, 2016 without the attendance of non-independent directors and members of the management.

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

C. FAMILIARIZATION PROGRAMMES FOR BOARD MEMBERS:

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

D. CODE OF CONDUCT:

The Company has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. All the Directors and senior management personnel have affirmed Compliance of the same during the year. A declaration to the effect signed by the CEO cum Managing Director forms part of the Annual Report 2015-16 of the Company. The code is available on Company website at www.sarlafibers.com.

3. AUDIT COMMITTEE:

During the year under review, five meetings of the Audit Committee were held on 29th May, 2015, 1st August, 2015, 31st October, 2015, 22nd January, 2016 & 12th March, 2016. The maximum gap between any two meetings was less than 120 days. The Chairman of the Audit Committee was present at the last Annual General Meeting.

The composition of the committee is also in accordance with requirements of the Listing Regulations. The attendance of members of committee at its meetings is given below:

Name of the Directors/Committee Members	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Madhusudan S. Jhunjunwala - Member	Executive	5	4
Mr. Jigar A Shah - Chairman	Non-Executive Independent	5	5
Mr. Parantap P Dave - Member	Non-Executive Independent	5	5

Corporate Governance Report

All the members of the Audit Committee are financially literate and have expertise in the fields of Finance, Taxation and Economics etc.

The Company Secretary cum Chief Financial Officer and the Statutory Auditors also remain present as invitees for the meetings of the Audit Committee. The Company Secretary acts as Secretary of the Committee.

Terms of reference of the Audit Committee, the Committee's powers, role and functions are as stipulated at the Clause 49 of the Listing Agreement and for the last quarter SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Section 177 of the Companies Act, 2013. The role and functions of the Committee, inter-alia, include:

- overseeing the Company's financial reporting process,
- reviewing with the management and external auditors key issues and significant processes, quarterly and yearly financial results before submission to the Board,
- recommending appointment/ re-appointment/ replacement/ removal of the statutory auditors and/ or their fees, reviewing the adequacy of the internal control systems and procedures, significant risk areas with the management,
- review of significant related party transactions and internal audit reports,

- reviewing progress made in implementation of recommendations made by the Internal Audit Department,
- making recommendations for improvement in internal control systems and reviewing issue related to risk management and compliances,
- reviewing the findings of any internal investigations into any suspected fraud, irregularity or internal control and to determine the reasons for any substantial defaults in the payment of depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- Hold discussions with statutory auditors on the nature, scope and process of audits and any views that they have about the financial control and reporting processes.
- Recommend the appointment of cost auditors.
- Valuation of undertakings or assets of the Company, wherever it is necessary.

4. NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee consists of three Independent Directors of the Company viz. Mr. Jigar A. Shah, Mr. Arun Vaid, and Mr. Parantap Dave. During the year One meeting of Nomination and Remuneration Committee were held on 1st August, 2015. The table below provides the attendance of Nomination and Remuneration committee members:

Name of the Directors/Committee Members	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Jigar A Shah - Chairman	Non-Executive Independent	1	1
Mr. Parantap P Dave - Member	Non-Executive Independent	1	1
Mr. Arun Vaid - Member	Non-Executive Independent	1	1

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

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

the evaluation process is completed by the Committee Members;

7. To assist in developing a succession plan for the Board;
8. To assist the Board in fulfilling responsibilities entrusted from time- to-time;
9. Delegation of any of its powers to any Members of the Committee or the Compliance Officer.

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

PERFORMANCE EVALUATION CRITERION:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulation, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. Structures, questionnaires were prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its

Corporate Governance Report

(Rs. in Lacs)

Committees, Board's culture, level of contribution in board processes, safeguarding and promoting interests of company and shareholders, execution and performance of specific duties, obligations and governance.

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

REMUNERATION OF DIRECTORS:

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

The details of sitting fees paid to the Directors during the year 2015-2016 are given below:

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

None of the Non-Executive Directors of the Company had any pecuniary relationship of transaction with the company during the financial year 2015-16.

Company has paid a remuneration of Rs.1,20,00,000 to Mr. Krishnakumar M. Jhunjunwala, Managing Director and Rs. 1,08,00,000 to Mr. Madhusudan S. Jhunjunwala, Chairman & Whole Time Director of the Company during the financial year 2015-2016, as per below details:

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

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

During the year, 2 complaints were received from the shareholders and both have been resolved. However, we have also received letters for re-validation of Dividend Warrants, Non-Receipt of Dividend Warrants etc. and the same have been attended within the stipulated time. There were no pending requests for the financial

Break-up of remuneration	Mr. Krishnakumar Jhunjunwala	Mr. Madhusudan Jhunjunwala
Salary	120.00	108.00
Benefits and Perquisites	Nil	Nil
Allowances	Nil	Nil
Performance linked incentives	Nil	Nil
Stock options	Nil	Nil

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

MANAGING DIRECTOR:

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

CHAIRMAN & WHOLE TIME DIRECTOR:

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

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

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

Stakeholders Relationship Committee looks into the redressal of shareholder's/investor's complaints. It consists of Mr. Madhusudan Jhunjunwala, Mr. Arun Vaid, and Mr. Parantap Dave. During the year one meeting of Stakeholders Relationship Committee was held on 22nd January, 2016. The table below provides the attendance of Stakeholders Relationship committee members:

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

year ended 31st March, 2016.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Pursuant to the provisions of Section 135 of the Companies Act, 2013, Corporate Social Responsibility committee consisting of Mr. Madhusudan Jhunjunwala as Chairman, Mr. Jigar Shah and Mr. Parantap Dave as members of the committee. The committee met once on 31st October, 2015 during the year to review the plans for CSR activities. The Committee shall look after company's CSR activities and shall monitor CSR Plan.

Corporate Governance Report

7. RISK MANAGEMENT COMMITTEE:

The Risk Management Committee consists of Mr. Krishnakumar Jhunjhunwala as Chairman, Mr. Jigar Shah and Mr. Arun Vaid as members of the Committee. No meeting of the Committee was held during the year. The Committee is entrusted with power, authority and function to formulate, monitor and review the risk management plan for the company. The Committee shall carry out such other functions as may be delegated to it by the Board of Directors.

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

Sarla Performance Fibers Limited

304, Arcadia, 195 Nariman Point, Mumbai - 400021

Tel: 2283 4116/4420

Fax: 2285 1728

E-mail: msheth@sarlafibers.com

Website: www.sarlafibers.com

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

AGM for the Financial Year	Date	Time	Venue
2012-2013	13th September, 2013	11.30 a.m.	Registered Office of the Company Survey No. 59/1/4, Amlipiparia Industrial Estate, Silvassa - 396 230 U.T. OF D. & N. HAVELI.
2013-2014	27th September, 2014	09.00 a.m.	
2014-2015	28th September, 2016	09.00 a.m.	

During last 3 AGMs following special resolutions were passed

Date of AGM	Section	Resolution Matter
13th September, 2013	-	No Special Resolution
27th September, 2014	196(3)(a) of Companies Act, 2013	Consent of Members for Continuing holding of office for WTD
27th September, 2014	180(1)(c) of Companies Act, 2013	Borrowing Powers of Board of Directors
27th September, 2014	62(1)(c) of Companies Act, 2013	Consent of Members for increase in capital base
27th September, 2014	149, 150, 152 and 160 of Companies Act, 2013	Appointment of Independent director for term of five years
28th September, 2015	196, 197 and 203 of Companies Act, 2013	Re-Appointment of Chairman & Whole Time Director for Period of 5 Years
28th September, 2015	14 of Companies Act, 2013	Alteration of Article of Association
28th September, 2015	14 of Companies Act, 2013	Adoption of New Set of Article of Association

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

9. MEANS OF COMMUNICATION

The Quarterly and Half Yearly results are published in widely circulating National and Local Daily's such as Economic Times, in English (Mumbai & Ahmedabad), Economic Times, In Gujarati (Ahmedabad) and Navbharat Times in Hindi (Mumbai). The results

are not sent individually to the shareholders. Results are also available on company's website www.sarlafibers.com.

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

10. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting	
Date and Time	Thursday, 30th September, 2016
Venue	Survey No. 59/1/4, Amlipiparia Industrial Estate, Silvassa - 396230 U.T. Dadra & Nagar Haveli
Date of Book Closure	24th September, 2016 to 30th September, 2016 (Both days inclusive)
Financial Calendar	1st April 2016 to 31st March 2017 - The results will be published as under :
	First Quarter Before 14th of August, 2016
	Second Quarter Before 15th of November, 2016
	Third Quarter Before 15th February, 2017
	Fourth Quarter/Annual Before 30th May, 2017
Dividend payment date	Dividend Payment will start from 30th September, 2016.
Listing on Stock Exchanges and Stock-Code	BSE Ltd. PhirozeJeejeebhoy Towers, Dalal Street, MUMBAI - 400 001. - Stock Code No. 526885 and National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra East, MUMBAI - 400 051 - Symbol SARLAPOLY

The ISIN Number of Sarla Performance Fibers Limited on both NSDL and CDSL is INE 453D01017

SARLA PERFORMANCE FIBERS LIMITED

Corporate Governance Report

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.2016-17 and there is no outstanding payment towards the exchanges, as on date

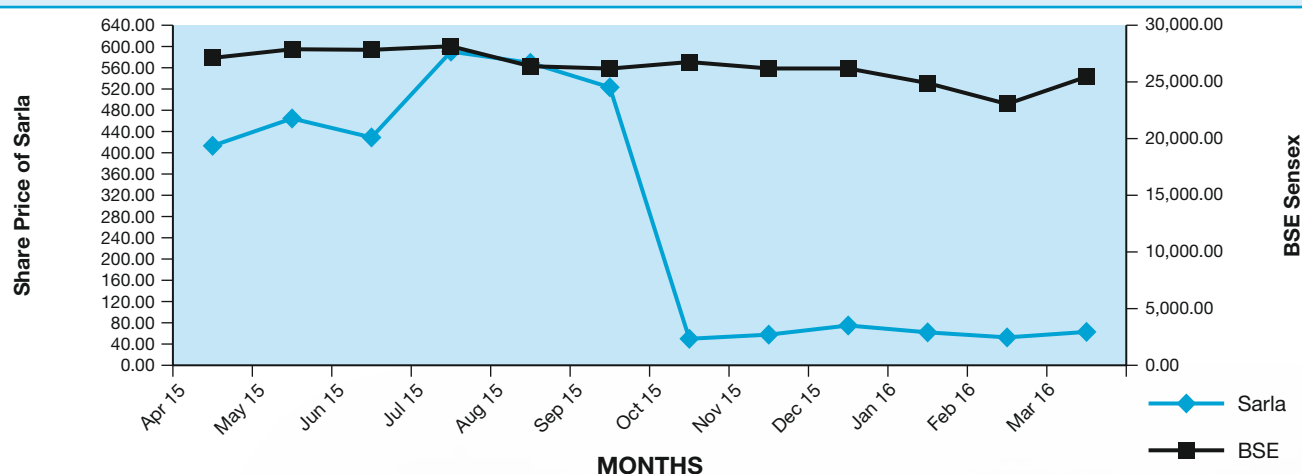
11. MARKET PRICE DATA

Monthly high/low during the year 2015-2016 on the BSE and National Stock Exchange:

AGM For the Financial year	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2015	485.00	375.00	484.00	375.00
May 2015	474.70	405.00	470.00	404.00
June 2015	495.00	415.00	474.00	414.65
July 2015	650.00	410.00	630.00	414.65
August 2015	699.00	470.00	710.00	465.00
September 2015	581.00	487.00	579.90	490.00
October 2015	544.50	51.00	596.25	51.10
November 2015	62.40	52.20	60.50	51.10
December 2015	82.80	58.80	82.80	58.40
January 2016	91.45	50.50	91.20	50.20
February 2016	63.85	48.60	63.75	48.00
March 2016	68.45	51.10	68.30	51.35

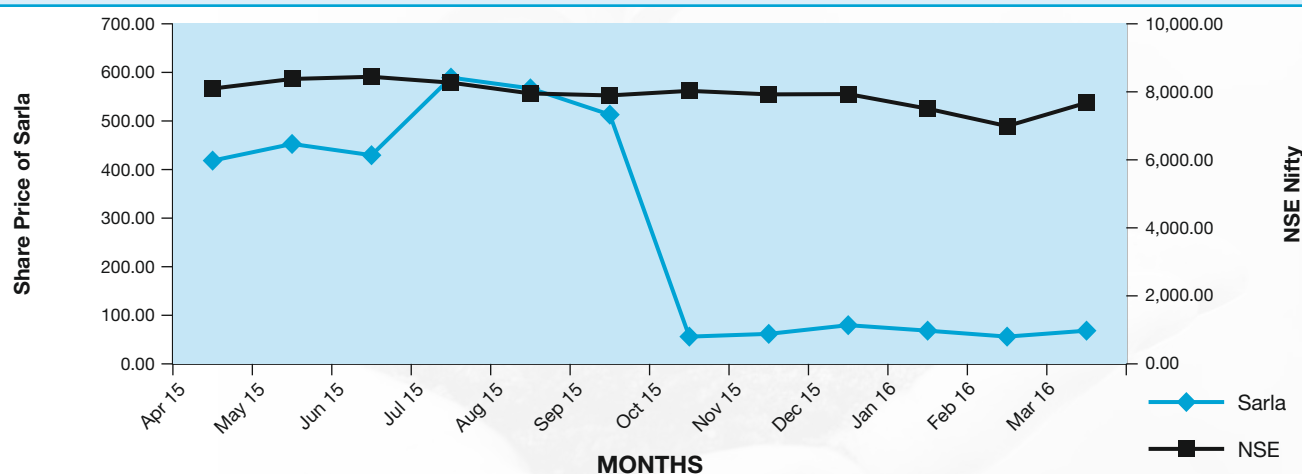
• The Shares of the company are sub-divided from 1 Share of FV of Rs. 10/- each to 10 Shares of FV of Re. 1/- on 29th October, 2015.

Chart of Company Share Prices compared to BSE Sensex.



• The Shares of the company are sub-divided from 1 Share of FV of Rs. 10/- each to 10 Shares of FV of Re. 1/- on 29th October, 2015.

Chart of Company Share Prices compared to NSE Nifty Index.



• The Shares of the company are sub-divided from 1 Share of FV of Rs. 10/- each to 10 Shares of FV of Re. 1/- on 29th October, 2015.

green growth

Corporate Governance Report

12. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2016

Shares of Nominal Value (Rs.)		Shareholders		Total Amount (Rs.)	
From	To	Number	% to Total	Amount	% to Total
1	5000	5615	92.92	50,09,575	6.00
5,001	10,000	198	3.28	15,06,583	1.80
10,001	20,000	97	2.46	1,081,280	1.29
20,001	30,000	31	0.51	794,329	0.95
30,001	40,000	21	0.35	746,547	0.89
40,001	50,000	7	0.12	314,478	0.38
50,001	1,00,000	34	0.56	23,98,336	2.87
1,00,001 and above		40	0.66	7,12,63,099	85.34
TOTAL		2,882	100.00	83,50,30,000	100.00

13. SHAREHOLDING PATTERN AS ON 31ST MARCH 2016

Category	No. of Share	%
Promoters	4,61,17,540	55.23
Mutual Funds & UTI	1,19,74,529	14.34
Fins / Banks	11,548	0.014
Venture Capital Funds	40,000	0.05
FII(S)	-	0.00
Private Corporate Bodies	54,65,670	6.54
Indian Public	1,83,40,408	21.96
Non Resident Indians	13,90,237	1.67
Any other (Clearing Members)	163,068	0.20
Total	8,35,03,000	100.00

14. DEMATERIALISATION OF SHARES AND LIQUIDITY:

The shares of your company are available in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN Number of Sarla Performance Fibers Limited on both NSDL and CDSL is INE 453D01017.

97.35% of the total equity capital of the Company was held in dematerialised form as on 31st March, 2016. Share Transfer System:

All Share Transfer and other Correspondence regarding share Certificates, Change of Address, Dividends etc. should be addressed to Registrar & Transfer Agent. Request for transfer in physical form should also be lodged with the Registrar & Transfer Agent.

15. ADDRESS FOR INVESTORS/ANALYST CORRESPONDENCE:

1. With the Company:

Sarla Performance Fibers Limited,
304, Arcadia, 195 Nariman Point, Mumbai - 400 021
Tel: 2283 4116/2283 4420 Fax : 2285 1728
E-mail: info@sarlafibers.com
Website: www.sarlafibers.com

2. With the Registrar:

M/s. Sharex Dynamic (India) Pvt. Ltd.,
Unit - 1, Luthra Ind. Premises, Safed Pool,
Andheri - Kurla Road, Andheri (E), Mumbai - 400 072
Tel: 2270 24 85 / 2264 1376 Fax: 2851 2885
E-mail: sharexindia@vsnl.com
Website: www.sharexindia.com

16. OUTSTANDING GDRS /ADRS: NIL

17. PLANT LOCATIONS:

Silvassa:

- 59/1/4, Amli Piparia Industrial Estates, Silvassa, UT of Dadra & Nagar Haveli, 396 230
- 62/3/4/5 Amli Piparia Industrial Estates, Silvassa, UT of Dadra & Nagar Haveli, 396 230

Vapi:

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

18. DISCLOSURES

Disclosure on materially significant related party transactions:

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

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

Corporate Governance Report

The Company has complied with all requirements of Clause 49 of the Listing Agreement (up to 30 November 2015) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (with effect from 1 December 2015).

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

19. WHISTLE BLOWER POLICY:

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

20. INSIDER TRADING:

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended from time to time, the Company has formulated a code of fair disclosure and conduct for prevention of insider trading. Details of the shareholdings of the Non-Executive Directors as on March 31, 2016 are as under

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

21. NON-MANDATORY REQUIREMENTS:

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

- The Chairman of the Board of Directors of the Company is an Executive Director.
- 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.
- During the financial year 2015-2016 there is no Audit qualification in the Company's financial Statements.
- The Company does not have any formal system to evaluate the performance of non-executive Directors.

22. INFORMATION GIVEN TO THE BOARD

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

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

*With the right policies in place, we can create jobs,
increase prosperity, preserve our environment and improve the quality of life.
All at the same time.*

Certificate of The Auditors In Respect of Compliance of Corporate Governance

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

To the Members of

SARLA PERFORMANCE FIBERS LIMITED

We have examined the compliance of conditions of corporate governance by Sarla Performance Fibers Limited, for the year ended 31st March, 2016 as stipulated SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

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

H. P. Kanodia
Partner
Membership No. 40617

Place: Mumbai

Date: 11th August, 2016

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, 2016

For **SARLA PERFORMANCE FIBERS LIMITED**,

Place: Mumbai

Date: 11th August, 2016

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

Independent Auditors' Report to The Members of Sarla Performance Fibers Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Sarla Performance Fibers Limited (the company), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure - A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - c. The balance sheet, statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

Independent Auditors' Report to The Members of Sarla Performance Fibers Limited

e. On the basis of written representations received from the directors as on 31 March 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016, from being appointed as a director in terms of section 164(2) of the Companies Act 2013.

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

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

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

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

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

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

Place: Mumbai
Date: 30th May, 2016

H. P. Kanodia
Partner
Membership No. 40617

*As human beings, we are vulnerable to confusing the unprecedented with the improbable.
In our everyday experience, if something has never happened before,
we are generally safe in assuming it is not going to happen in the future,
but the exceptions can kill you and climate change is one of those exceptions.*

Annexure A to the Independent Auditors' Report

The Annexure A referred to in our Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended 31st March, 2016, we report that:

- i. a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii. a. The management has conducted physical verification of inventory at reasonable intervals during the year.
- b. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The company is maintaining proper records of inventory. As explained to us, there is no material discrepancy noticed on physical verification of inventory as compared to book records.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.(the Act).
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from public.
- vi. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. a. According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, duty of customs, value added tax, cess and other material statutory dues applicable have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.
- b. According to information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at balance sheet date for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no material dues of Income tax, sales tax, service tax, wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to explanations given to us, the following dues of excise duty, custom duty and income tax have not been deposited by the Company on account of disputes.

Name of the statute	Nature of dues	Amount in Rs.	Period to which the amount relate	Forum where dispute is pending
The Central Excise Act, 1944	Excise duty	11,05,32,000/-	F.Y. 1999-2000 to 2012-2013	High Courts of Gujarat and Bombay and Supreme Court of India.
The Central Excise Act, 1944	Custom Duty	4,75,000/-	F.Y. 1999-2000, 2000-2001	CESTAT
The Income Tax Act, 1961	Income Tax	13,16,645/-	A.Y. 2003-2004	Order giving appeal effect is pending before AO
The Income Tax Act, 1961	Income Tax	51,04,560/-	A.Y. 2012-2013	Rectification application is pending before AO

- d. According to the information and explanation given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and rules there under has been transferred to such fund within time.
- of the financial year and has not incurred any cash losses during the financial year covered under audit or in the immediately preceding financial year.
- ix. The Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.

viii. The Company does not have any accumulated losses at the end

Annexure A to the Independent Auditors' Report

x. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xi. Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the

loans were obtained.

xii. According to information and explanations given to us, no material fraud on or by company has been noticed or reported during the course of our audit.

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

H. P. Kanodia
Partner
Membership No. 40617

Place: Mumbai

Date: 30th May, 2016

Annexure B to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of SARLA PERFORMANCE FIBERS LTD ('the company'), as of 31 March 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures

selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

Annexure B to the Independent Auditors' Report

internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls

Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Mumbai
Date: 30th May, 2016

H. P. Kanodia
Partner
Membership No. 40617

Balance Sheet as at 31st March, 2016



(Rs. in Lacs)

	Note No.	Current Year 31st March 2016	Previous Year 31st March 2015
EQUITY AND LIABILITIES:			
1) SHAREHOLDER'S FUNDS			
- Share Capital	1	835.03	835.03
- Reserves and Surplus	2	21,814.23	18,334.08
		22,649.26	19,169.11
2) NON-CURRENT LIABILITIES			
- Long-Term Borrowings	3	4,003.21	997.53
- Deferred Tax Liabilities (Net)	4	1,642.10	1,439.82
		5,645.31	2,437.35
3) CURRENT LIABILITIES			
- Short-Term Borrowings	5	9,233.57	10,106.19
- Trade Payables	6	689.20	732.78
- Other Current Liabilities	7	4,493.85	2,459.84
- Short-Term Provisions	8	350.75	890.14
		14,767.36	14,188.95
		-	-
TOTAL		43,061.93	35,795.41
ASSETS:			
1) NON-CURRENT ASSETS			
- Fixed Assets			
i) Fixed Assets	9	12,437.57	9,801.64
ii) Capital Work-in-Progress		-	-
- Non-Current Investments	10	3,228.90	779.72
- Long Term Loans and Advances	11	5,911.29	5,257.88
		21,577.75	15,839.24
2) CURRENT ASSETS			
- Current Investments	12	23.90	46.24
- Inventories	13	5,130.84	4,875.72
- Trade Receivables	14	5,078.65	4,917.28
- Cash and Cash Equivalents	15	9,868.45	8,552.92
- Short-term Loans and Advances	16	846.96	825.38
- Other Current Assets	17	535.38	738.63
		21,484.18	19,956.17
		-	-
TOTAL		43,061.93	35,795.41
Significant accounting policies and Notes on financial statements	1 to 48		
Notes referred above forms integral part of the balance sheet			

As per our report of even date attached

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617

Place : Mumbai
Date : 30th May, 2016

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUAMR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

Statement of Profit and Loss for the Year Ended 31st March 2016

(Rs. in Lacs)

	Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
INCOME:			
Revenue from operations	18	25,594.13	27,762.72
- Less: Excise duty		1,250.40	1,069.91
		24,343.73	26,692.80
Other income	19	2,181.88	1,146.98
		26,525.62	27,839.79
EXPENSES:			
Cost of materials consumed	20	11,095.03	12,023.68
Purchase of stock-in-trade		1,159.91	2,962.63
Changes in inventories of finished goods and work-in-progress	21	(527.97)	(537.16)
Employee benefit expenses	22	831.10	778.29
Finance costs	23	508.08	514.48
Depreciation and amortization expenses	9	1,014.40	913.55
Other expenses	24	6,769.85	6,966.03
		20,850.40	23,621.51
PROFIT BEFORE TAX:		5,675.21	4,218.28
Tax expense:			
- Current tax (MAT)		1,211.09	1,283.60
- Less: MAT Credit		3.99	-
- Net Current Tax		1,207.10	1,283.60
- Deferred tax		202.28	(33.26)
- Tax adjustment of earlier years		-	-
Profit for the period		4,265.83	2,967.94
Earning per equity share:			
- Basic		5.11	3.55
- Diluted		5.11	3.55
Significant accounting policies and Notes on financial statements	1 to 48		
Notes referred above forms integral part of the statement of profit and loss			

As per our report of even date attached

For **SUNDARLAL, DESAI & KANODIA**
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617

Place : **Mumbai**
Date : **30th May, 2016**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUAMR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

Notes on Financial Statement for the Year Ended 31st March 2016

(Rs. in Lacs)

	As on 31st March 2016	As on 31st March 2015
NOTE 1: SHARE CAPITAL:		
AUTHORISED CAPITAL:		
10,00,00,000 Equity Shares Of Re. 1/- Each, (P.Y. 1,00,00,000 Equity Shares of Rs. 10/- Each)	1,000.00	1,000.00
ISSUED, SUBSCRIBED AND PAID UP:		
83,503,000 Equity Shares of Re. 1/- each (P.Y. 83,50,300 Equity Shares of Rs. 10/- each)	835.03	835.03
TOTAL	835.03	835.03

Terms/ rights attached to Equity Shares: The company has only one class of equity shares having par value of Re. 1/- each (P.Y. Rs. 10/- each) holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended 31st March 2016, the amount of per share interim dividend distributed to equity shareholders was Re. 0.80 (31st March 2015 Rs. 8.00)

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

Reconciliation of Outstanding Shares:	31st March 2016 No. of Shares	31st March 2015 No. of Shares
Opening as on 1st April	8,35,03,000	69,50,300
Add: Issued during the year	-	14,00,000
Less: Forfeited during the year	-	-
Closing as on 31st March	8,35,03,000	83,50,300

The face value of the equity share of Rs. 10/- each of the Company was sub-divided into 10 equity shares of Rs. 1/- each w.e.f from 30th October 2015 in terms of approval of the members of the Company in the AGM held on 28th September 2015.

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

Name of the Shareholder	No. of shares as on 31st March 2016	No. of shares as on 31st March 2015
Hindustan Cotton Company - Through its partners	2,11,64,790	21,16,479
Satidham Industries Private Limited	1,27,47,910	12,72,791
HDFC Small & Midcap Fund	40,00,000	7,43,817
NOTE 2: RESERVES AND SURPLUS:		
CAPITAL RESERVES:		
Balance as per last balance sheet	194.08	194.08
SECURITIES PREMIUM:		
Balance as per last balance sheet	4,529.00	-
- Add: Addition during the year	-	4,529.00
	4,529.00	4,529.00
GENERAL RESERVE:		
Balance as per last balance sheet	6,774.38	5,274.38
- Add: Transferred from statement of profit & loss	1,500.00	1,500.00
	8,274.38	6,774.38

Notes on Financial Statement for the Year Ended 31st March 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
SURPLUS:		
Balance as per last balance sheet	6,836.62	6,143.42
Add: Profit for the period	4,265.83	2,967.94
Add: Excess provision for Dividend distribution tax written back	269.60	88.59
Less: Adjustment relating to Fixed Assets (Refer note No. 28)	–	61.74
Less: Appropriations:		
- Transferred to General reserve	1,500.00	1,500.00
- Interim Dividend	668.02	–
- Proposed Dividend	208.76	668.02
- Tax on Dividend	178.50	133.56
Closing balance in statement of profit & loss	8,816.77	6,836.62
TOTAL	21,814.23	18,334.08
NOTE 3: LONG TERM BORROWING:		
TERM LOANS:		
SECURED LOANS - FROM BANKS		
From Standard Chartered Bank	78.77	371.63
- Foreign Currency Loan		
(Exclusive charge on wind turbine generator financed and situated at Satara & Sangli Dist. at Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat and personal guarantee of managing director)		
(Term loan of USD 19,00,000 Repayable in 16 equal quarterly installment of USD 1,18,750 each till June 2017)		
From DBS Bank	132.66	625.90
- Foreign Currency Loan		
(Exclusive charge on wind turbine generator financed and situated at Sangli Dist. At Maharashtra and personal guarantee of managing director)		
(Term loan of USD 30,00,000 Repayable in 15 equal quarterly installment of USD 2,00,000 each till June 2017)		
From YES Bank	1,500.00	–
- Rupee Term Loan		
(Lien on Fixed Deposits of Rs. 15 crores made with Yes Bank Ltd.)		
(Term loan of Rs. 15,00,00,000 bullet repayment after 60 months)		
From Standard Chartered Bank	2,291.78	–
- Foreign Currency Loan		
(Secured by first charge on pari-pasu basis on the fixed assets of the company except Unit 1 and extension of charge on Wind Turbine Generators financed by Standard Chartered Bank & further secured by lien on mutual funds of Rs. 2.00 crores)		
(Term loan of USD 40,00,000 Repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016)		
TOTAL	4,003.21	997.53
NOTE 4: DEFERRED TAX LIABILITY (NET):		
Deferred Tax Liability -		
On account of depreciation	1,645.02	1,439.82
Less: Deferred Tax Asset -		
On account of Provision for diminution in value of current investment	2.92	–
TOTAL	1,642.10	1,439.82

Notes on Financial Statement for the Year Ended 31st March 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 5: <u>SHORT TERM BORROWING:</u>		
LOANS REPAYABLE ON DEMAND		
- Secured Loans		
- From Banks:		
- Packing Credit Loan	6,678.65	8,561.69
- Foreign Bill Discounting	2,353.53	1,544.50
- Buyers Credit	201.39	–
(All the above working capital facilities are secured against all the current assets (present and future) of the company except unit 1) (These facilities are further secured by second charge on the fixed assets of the company except Unit 1 & Wind Turbine Generator).		
TOTAL	9,233.57	10,106.19
NOTE 6: <u>TRADE PAYABLES:</u>		
TRADE PAYABLES	689.20	732.78
TOTAL	689.20	732.78
NOTE 7: <u>OTHER CURRENT LIABILITIES:</u>		
Current maturities of long-term debts (refer note 3)	1,177.36	1,112.15
Unpaid dividend (#)	65.91	35.43
Other Payables:		
TDS payable	–	0.95
Sales tax payable	0.99	3.40
Other statutory dues payable	0.90	0.90
Excise duty payable	174.67	169.33
Sundry creditors (Including Capex Creditors)	2,490.92	795.68
Advance from customers	583.10	342.01
TOTAL	4,493.85	2,459.84
(#) Amount of Rs. 3,10,871 is transferred to Investor Education and Protection Fund		
NOTE 8: <u>SHORT TERM PROVISIONS:</u>		
For Employee benefits:		
- Provision for gratuity (refer note 39)	78.52	70.09
- Provision for leave encashment	3.68	3.89
- Provision for bonus	6.91	9.59
- Salaries and wages payable	10.39	4.98
	99.50	88.56
For others:		
Provision for dividend	208.76	668.02
Provision for tax on dividend	42.50	133.56
	251.26	801.59
TOTAL	350.75	890.14

Notes on Financial Statement for the Year Ended 31st March 2016

NOTE 9: TANGIBLE ASSETS:

(Rs. in Lacs)

Particulars	Gross Carrying Amount				Depreciation			Net Carrying Amount			
	As on 01-04-2015	Addition/ adjustment	Deduction/ adjustment	As on 31-03-2016	Upto 31-03-2015	For the Year	Deduction	Adjustment (Refer Note No. 28)	Upto 31-03-2016	As on 31-03-2016	As on 31-03-2015
Land	91.17	-	-	91.17	-	-	-	-	-	91.17	91.17
Factory Building	1,945.88	53.57	-	1,999.45	468.90	61.19	-	-	530.08	1,469.37	1,476.98
Plant and Machinery (#)	8,998.72	1,157.26	-	10,155.98	4,989.71	693.35	-	-	5,683.06	4,472.92	4,009.01
Electrical Installations	395.13	55.36	-	450.49	234.96	19.77	-	-	254.73	195.76	160.17
Office Equipment	40.66	3.36	-	44.02	28.27	4.43	-	-	32.70	11.32	12.39
Computers and Software	88.07	45.45	-	133.52	55.57	11.97	-	-	67.54	65.98	32.50
Vehicles	149.58	9.65	9.07	150.16	83.06	15.02	5.96	-	92.11	58.05	66.52
Furniture & Fixture	53.94	0.77	-	54.71	24.32	5.22	-	-	29.54	25.17	29.62
Wind Turbine Generator (#)	4,589.50	2,356.49	36.07	6,909.92	700.98	199.78	-	-	900.77	6,009.15	3,888.52
Solar System	-	7.45	-	7.45	-	0.19	-	-	0.19	7.25	-
Other Fixed Assets	78.27	0.15	-	78.42	43.51	3.48	-	-	46.99	31.43	34.76
Total	16,430.92	3,689.51	45.14	20,075.29	6,629.28	1,014.40	5.96	-	7,637.72	12,437.57	9,801.63
Previous Year	15,773.17	657.75	-	16,430.92	5,622.19	913.55	-	93.54	6,629.28	9,801.63	10,150.98
#) Addition is net of loss of Rs 11,820,625/- (PY loss of Rs 19,544,512/-) on reinstatement of foreign currency loan taken to acquire the asset. For details refer note 28											

(#) Addition is net of loss of Rs 11,820,625/- (PY loss of Rs 19,544,512/-) on reinstatement of foreign currency loan taken to acquire the asset. For details refer note 28

Notes on Financial Statement for the Year Ended 31st March 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 10: NON -CURRENT INVESTMENT:		
(Valued at cost unless otherwise stated)		
Investment Property	1,649.18	–
Investment in equity instruments:		
TRADE, UNQUOTED:		
In Wholly owned subsidiary companies:		
Sarla Overseas Holdings Limited (4,35,000 Shares of USD 1.00 each, P.Y. 4,35,000 Shares of USD 1.00 each)	183.22	183.22
Sarlaflex Inc USA (9,89,000 Shares of USD 1.00 each, PY 9,89,000 Shares of USD 1.00 each)	596.50	596.50
NON-TRADE:		
Investment in Preference shares:		
Investment In Tata Motors Finance Limited	500.00	–
Investment in Mutual Funds:		
Tata Short Term Bond Fund Plan A-Growth (Units 365262.11 Nav Rs. 28.1610/-, P.Y. Nil)	100.00	–
DSP Blackrock Short Term Fund- Growth (Units 399769.73 Nav Rs.25.0144/-, P.Y. Nil)	100.00	–
IDFC Super Saver Income Fund-Growth (Units 141808.97 Nav Rs.35.2587/-, P.Y. Nil)	50.00	–
L & T Income Opportunities Fund - Growth (Units 303988.33 Nav Rs.16.4480/-, P.Y. Nil)	50.00	–
TOTAL	3,228.90	779.72
(Aggregate amount of Unquoted investment)	3,228.90	779.72
(Provision made for diminution of investment)	–	–
NOTE 11: LONG -TERM LOANS AND ADVANCE:		
(Unsecured, considered good)		
Capital advances	163.13	89.65
Security deposits (#)	449.83	380.10
Advance paid for Property at Dadra	–	1,630.00
Other loans and advance (##)	5,298.33	3,158.13
TOTAL	5,911.29	5,257.88
(#)Includes deposit given to concerns in which directors are interested. Refer Note No. 41		
(##)Includes unsecured loan granted to Wholly Owned Subsidiary company. Refer Note No. 41		

Growth for the sake of growth is the ideology of the cancer cell.

Notes on Financial Statement for the Year Ended 31st March 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 12: CURRENT INVESTMENT:		
(Valued at cost or market value, whichever is lower)		
NON-TRADE INVESTMENTS:		
In Equity shares of - Quoted, fully paid up		
2,000 (PY 3000) shares of Arvind Mills Limited of Rs. 10 each	5.89	8.84
3,00 (PY Nil) shares of Arvind Infrastructure Limited of Rs. 10 each	-	-
Nil (PY 500) shares of Balkrishna Industries Limited of Rs. 2 each	-	3.02
55 (PY Nil) shares of Nirvikar Paper Mills Limited of Rs. 2 each	-	-
500 (PY 500) shares of Larsen & Toubro Limited of Rs. 2 each	8.97	8.97
500 (PY 500) shares of LIC Housing Finance Limited of Rs. 2 each	2.41	2.41
3,500 (PY 3500) shares of Punjab National Bank Limited of Rs. 2 each	7.26	7.26
69 (PY 69) shares of Siyaram Silk Mills Limited of Rs. 10 each	0.55	0.55
Nil (PY 15000) shares of Tata Coffee Limited of Rs. 1 each	-	15.19
2,000 (PY Nil) shares of Hikal Limited of Rs. 10 each	3.30	-
1,000 (PY Nil) shares of Syngene Internation Limited of Rs. 10 each	3.95	-
Less : Diminution in value of investment	8.44	-
TOTAL	23.90	46.24
(Aggregate amount of quoted investment)	32.34	46.24
(Provision made for diminution in value of investment)	8.44	-
NOTE 13: INVENTORIES:		
Raw Materials	1,552.28	1,775.44
Work-In-Progress	1,807.61	1,356.08
Finished goods	1,587.56	1,511.12
Stores and Spares	57.65	65.08
Oil & lubricant	52.59	90.70
Power & Fuel	2.49	9.84
Packing Materials	70.65	67.45
TOTAL	5,130.84	4,875.72
NOTE 14: TRADE RECEIVABLE:		
(Unsecured, considered good)		
Outstanding for more than 6 months from due date	54.23	279.15
Outstanding for less than 6 months form due date	5,024.43	4,638.13
TOTAL	5,078.65	4,917.28
(#) Includes Receivable from Subsidiary Company. Refer Note No. 41		

Notes on Financial Statement for the Year Ended 31st March 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 15: CASH AND BANK BALANCES:		
CASH AND CASH EQUIVALENTS:		
Balance with banks	335.15	2,032.99
Cash on hand	13.37	14.15
TOTAL	348.52	2,047.14
OTHER BANK BALANCES:		
Balance in unpaid dividend account	65.92	35.43
Fixed deposits with remaining maturity for more than 12 months	396.12	9.25
Fixed deposits with remaining maturity for less than 12 months	9,057.90	6,461.10
[Fixed deposits of Rs. 28,28,27,946 (P.Y. Rs. 10,78,46,841) pledged as margin money deposit]		
TOTAL	9,519.93	6,505.78
	9,868.45	8,552.92
NOTE 16: SHORT TERM LOANS AND ADVANCES:		
OTHERS		
Unsecured, considered good	639.71	672.14
Advance Income Tax (Net of Provisions)	207.24	153.24
TOTAL	846.96	825.38
NOTE 17: OTHER CURRENT ASSETS:		
Other receivable	173.50	446.54
Interest receivables	361.88	292.09
TOTAL	535.38	738.63
NOTE 18: REVENUE FROM OPERATIONS:		
(a) Sale of Products/ Services:		
- Local Sales	8,713.36	9,007.79
- Export Sales	14,621.52	14,219.26
- Deemed Export Sales	404.86	550.09
- Trading Sales	1,172.92	3,043.77
- Sale of Wind Power	457.66	582.80
	25,370.32	27,403.70
(b) Other Operating Revenues:		
- Export benefits	32.30	82.34
- Export Incentives(Focus License)	127.56	239.04
- Sale of Waste yarn	36.36	24.52
- Renewable Energy Certificate income	27.60	13.12
	223.82	359.01
TOTAL	25,594.13	27,762.72

Notes on Financial Statement for the Year Ended 31st March 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 19: OTHER INCOME:		
- Dividend Income on Current investments	0.52	2.61
- Dividend Income from wholly owned Subsidiary	1,337.68	529.77
- Profit on sale of fixed assets	0.45	-
- Profit on sale of current investment	1.44	5.04
- Exchange rate difference (Net)	55.86	188.46
- Miscellaneous Income	3.29	1.05
- Interest Income	782.65	420.05
TOTAL	2,181.88	1,146.98
NOTE 20: COST OF MATERIALS CONSUMED:		
Inventory at the beginning of the year	1,775.44	1,594.18
Add: Purchase	10,871.88	12,204.94
	12,647.31	13,799.12
Less: Inventory at the end of the year	1,552.28	1,775.44
TOTAL	11,095.03	12,023.68
NOTE 21: (INCREASE)/ DECREASE IN INVENTORIES:		
INVENTORIES AT THE END OF THE YEAR		
Work-in-progress	1,807.61	1,356.08
Finished goods	1,587.56	1,511.12
	3,395.17	2,867.20
INVENTORIES AT THE BEGINNING OF THE YEAR		
Work-in-progress	1,356.08	1,229.29
Finished goods	1,511.12	1,100.76
	2,867.20	2,330.05
TOTAL	(527.97)	(537.16)
NOTE 22: EMPLOYEE BENEFIT EXPENSES:		
Salaries, wages and bonus	691.67	618.88
Contribution to provident and other funds	59.03	88.96
Staff welfare expenses	80.40	70.44
TOTAL	831.10	778.29
NOTE 23: FINANCE COSTS:		
Interest expenses	370.18	360.17
Bank charges	137.90	154.31
TOTAL	508.08	514.48

Notes on Financial Statement for the Year Ended 31st March 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 24: OTHER EXPENSES:		
MANUFACTURING EXPENSES:		
Consumption of stores and spare parts	388.46	409.08
Power and fuel	1,461.03	1,454.05
Consumption of packing materials	1,043.17	1,022.89
Consumption of oils and chemicals	431.30	445.75
Labour charges	1,131.52	1,071.09
Clearing and forwarding charges	174.77	194.63
Repairs and Maintenance:		
- Building	33.05	23.34
- Machinery	112.04	82.01
Excise duty expenses (#)	5.34	33.87
Water, waste and effluent treatment charges	66.53	55.94
ADMINISTRATIVE AND SELLING EXPENSES:		
Rent	6.00	6.00
Repairs and Maintenance - Others	66.82	55.03
Insurance	30.22	38.19
Rates and taxes	19.01	11.66
Director sitting fees	2.60	2.10
Legal and professional fees	74.11	243.66
Corporate Social Responsibility Expenses	5.93	–
Provision for diminution in value of current investment	8.44	–
Miscellaneous expenses	506.37	490.87
Payment to auditor:		
As auditors:		
- Audit fee	9.00	9.50
- Limited review	–	0.20
In other capacity:		
- Other services (certification fees)	–	1.00
Freight and forwarding charges	709.12	768.88
Commission on sales	391.49	370.35
Bad debts written off	81.87	159.56
Transmission charges	11.66	16.38
TOTAL	6,769.85	6,966.03

In the long term, economic sustainability depends on ecological sustainability.

Cash Flow Statement for the Year Ended 31st March, 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
CASH FLOW FROM THE OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	5,675.21	4,218.28
ADJUSTMENT FOR		
Depreciation	1,014.40	913.55
Interest Paid	508.08	514.48
Interest Received	(782.65)	(420.05)
Capital Gain on Sale of Investment	(1.44)	(5.04)
Dividend Received	(1,338.20)	(532.38)
Operating Profit Before Working Capital Changes	5,075.41	4,688.84
ADJUSTMENT FOR CHANGES IN WORKING CAPITAL		
Trade & Other Receivable	(161.37)	1,218.46
Inventories	(255.12)	(789.34)
Loans & Advances	(417.74)	(4,848.42)
Trade & Other Payable	1,935.74	125.44
Foreign exchange fluctuation	–	246.75
Cash Generated From Operations	6,176.92	641.73
Prior Period Expenses/Extra Ordinary Items	–	–
Income Tax Paid	(1,261.10)	(1,228.41)
Deferred Tax Liabilities	–	–
Net Cash Flow from Operating Activities (1)	4,915.82	(586.67)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,653.44)	(569.92)
Purchase Of Investment	(2,426.83)	(46.24)
Dividend Received	1,338.20	532.38
Gain on Sale of Investment	1.44	5.03
Sale of Assets	3.56	–
Interest Received	782.65	420.05
Net Cash Flow from Investing Activities (2)	(3,954.43)	341.30
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	–	4,669.00
Net Proceeds from Bank Borrowings	2,198.27	2,010.15
Dividend Paid	(1,336.05)	(521.27)
Dividend Tax Paid	–	–
Interest Paid	(508.08)	(514.48)
Net Cash Raised From Financing Activities (3)	354.15	5,643.40
Net Changes in Cash & Cash Equivalent (1+2+3)	1,315.53	5,398.02
Cash And Cash Equivalent - Opening Balance	8,552.92	3,154.89
Cash And Cash Equivalent - Closing Balance	9,868.45	8,552.92

Notes :

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

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

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA - Partner
Membership No. 40617

Place : Mumbai
Date : 30th May, 2016

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUAMR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

Notes on Financial Statement for the Year Ended 31st March, 2016

NOTE 25:

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

B. SIGNIFICANT ACCOUNTING POLICIES:

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

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

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

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

If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is

treated as an impairment loss and is recognized in the statement of profit and loss. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

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

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

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

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

- a) Raw Materials and General Stores are valued at cost or realisable value, whichever is less, excluding Cenvat and VAT credit, by FIFO method.
- b) Work in Process is valued at raw-material cost or realisable value, whichever is less plus estimated overheads, and excluding Cenvat and VAT.
- c) Finished Goods are valued at cost including estimated overheads or net realisable value, whichever is less. The value includes excise duty paid/payable on such goods.

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

Notes on Financial Statement for the Year Ended 31st March, 2016

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

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

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

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

FOREIGN EXCHANGE TRANSACTIONS:

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

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

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

REVENUE RECOGNITION:

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

Inter-unit sales/ purchases have been eliminated during the year. In case of export sales, revenue is recognised when the risk and reward on the goods is transferred to the customers.

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

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

D: Interest income is recognized on time proportionate method.

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

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

TAXATION: Tax expense comprises of current and deferred tax.

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

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

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

EMPLOYEE RETIREMENT BENEFITS:

A: Defined Contribution Plans: The company has defined contribution plan for Post -employment benefits in the form of

Notes on Financial Statement for the Year Ended 31st March, 2016

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

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

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

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

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

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

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

NOTE 26: CONTINGENT LIABILITIES NOT PROVIDED FOR:

A: CONTINGENT LIABILITIES

1. Letter of credit: Letter of Credit issued by Banks on behalf of the Company Rs. 2,848.40 Lacs (P.Y. Rs. 1,873.46 Lacs), these are covered by the Charge created in favour of the Company's Bankers by way of Hypothecation of Stocks, Receivable & Machineries/Assets of the Company.

Stand-by Letter of credit issued by Banks on behalf of Sarlaflex,

Inc, WOS of USD 8.55 million (P.Y. USD 9.00 millions) equivalent to Rs. 5,670.55 lacs (P.Y. Rs. 5,633.10 lacs).

2. Guarantees: Bank Guarantees issued by Banks on behalf of the company Rs. 593.38 Lacs (P.Y. Rs. 523.40 Lacs). These are secured by the charge created in favour of the company's bankers by way of pledge of Fixed Deposit Receipts.

3. The claim against Company not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs. 1,196.62 Lacs (P.Y. Rs. 2,771.66 Lacs).

4. The Differential CST liability in respect of Non Collection of C Forms of Rs. 2,604.20 Lacs (P.Y. Rs. 2,105.47).

5. Liability of Income Tax amounting to Rs. 13.17 Lacs for A.Y. 2003-04 for which part relief is granted by Honb'le ITAT, Mumbai but appeal effect is not given by assessing officer.

Liability of Income Tax amounting to Rs. 53.94 Lacs for A.Y. 2013-14 is mainly due to mistake by AO while passing order wherein credit for Dividend Distribution Tax was not granted and for which rectification application is filed by company for granting tax credit paid before assessing officer and same is not yet rectified.

NOTE 27:

The company has exercised option given in Companies (Accounting Standard) Amendment Rules 2009 on Accounting Standard 11 issued by ICAI which was notified by MCA regarding accounting of exchange rate difference related to foreign currency loan utilised for acquisition of fixed assets by way of notification no. GSR 225(E) dated 31.03.2009 read with notification no. GSR 913(E) dated 29.12.2011. On exercise of option referred above, foreign exchange gain of Rs. 118.21 lacs (P.Y. loss of Rs. 194.55 lacs) is adjusted in Fixed Assets during the year.

NOTE 28:

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

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

Notes on Financial Statement for the Year Ended 31st March, 2016

NOTE 29: RAW MATERIALS CONSUMED:

(Rs. in Lacs)

	Current Year		Previous Year	
	Amount	% of Consumption	Amount	% of Consumption
Imported	6,152.22	55.45	7,415.15	61.67
Indigenous	4,942.81	44.55	4,608.53	38.33
TOTAL	11,095.03	100.00	12,023.68	100.00

NOTE 30: STORES AND SPARES CONSUMED:

(Rs. in Lacs)

	Current Year		Previous Year	
	Amount	% of Consumption	Amount	% of Consumption
Imported	11.09	2.85	14.44	3.53
Indigenous	377.37	97.15	394.64	96.47
TOTAL	388.46	100.00	409.08	100.00

NOTE 31: C.I.F. VALUE OF IMPORTS:

(Rs. in Lacs)

	Current Year	Previous Year
Capital Goods	786.54	93.90
Raw Materials	6,107.31	7,746.64
Trading Goods	677.20	1,138.83
Stores, packing materials and consumables	180.31	370.62

NOTE 32: EXPENDITURE IN FOREIGN CURRENCY:

(Rs. in Lacs)

	Current Year	Previous Year
Traveling	60.00	13.06
Commission on export sales	221.65	191.61
Interest	151.64	178.00

NOTE 33: EARNINGS IN FOREIGN CURRENCY:

(Rs. in Lacs)

	Current Year	Previous Year
F.O.B. value of exports	15,193.24	15,693.58

NOTE 34:

Managing Director's remuneration is Rs. 120.00 Lacs (P.Y. Rs. 96.00 Lacs) & the whole time Director's remuneration is Rs. 108.00 Lacs (P.Y. Rs. 80.00 Lacs) is in accordance with section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

NOTE 35: TAXATION:

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

In accordance with AS-22 on 'Accounting of Taxes on Income' net deferred tax expenses on account of timing difference for current year is Rs. 202.27 lacs (P.Y. income of Rs. 33.26 lacs) which is credited to statement of profit and loss.

NOTE 36: EARNING PER SHARE:

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

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

Note: During the year under review, Shares of the Company of face value of Rs. 10/- each has been sub-divided into 10 equity shares of Re. 1/- each.

NOTE 37:

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

Notes on Financial Statement for the Year Ended 31st March, 2016

NOTE 38: DISCLOSURE IN ACCORDANCE WITH REVISED AS - 15 ON "EMPLOYEE BENEFITS":

(Rs. in Lacs)

Defined Benefit Plans:	Current Year Gratuity	Previous Year Gratuity
i) Changes in the present value of Obligations		
Present value of Defined Benefit Obligation on 01-04-2015	1,65,62,063	1,15,06,849
Interest Cost	12,83,560	10,64,384
Current Service Cost	12,92,556	12,89,531
Benefit Paid during the year	(10,92,272)	(5,52,808)
Actuarial (Gain)/Loss on Defined Benefit Obligation	(4,14,036)	32,54,107
Present value of Defined Benefit Obligation as on 31-03-2016	1,76,31,871	1,65,62,063
ii) Changes in the Fair Value of Plan Assets		
Fair Value of Plans Assets as on 01-04-2015	95,52,962	81,88,012
Expected Return on Plan Assets for the year ending 31-3-2016	8,10,430	8,15,934
Contribution made by the employer	5,09,158	11,01,824
Benefit paid during the year	(10,92,272)	(5,52,808)
Actuarial gain (Loss) on plan assets	-	-
Fair Value of Plans Assets as on 31-03-2016	97,80,278	95,52,962
iii) Amount to be recognised in the Balance Sheet as on 31-03-2016		
Present Value of the Defined Gratuity Benefits Obligation 31-03-2016	1,76,31,871	1,65,62,063
Fair Value of Plans Assets as on 31-03-2016	97,80,278	(95,52,962)
Liability Recognised in the Balance Sheet as on 31-03-2016	78,51,593	70,09,101
iv) Expenses recognised in the Statement of Profit & Loss and Loss		
Current Service Cost	12,92,556	12,89,531
Interest Cost on Obligation	12,83,560	10,64,384
Expected Return on Plan Assets	(8,10,430)	(8,15,934)
Actuarial (Gain)/Loss on Defined Benefit Obligation	(4,14,036)	32,54,107
Expenses recognised in the Statement of Profit & Loss and Loss	13,51,650	47,92,088
v) Actual Return on Plan Assets		
Expected Return on Plan Assets	8,10,430	8,15,934
Actuarial gain (Loss) on plan assets	-	-
Actual Return on Plan Assets	8,10,430	8,15,934
vi) Actuarial Assumptions		
Rate of interest	8.00%	7.75%
Salary growth	8.5%	8.5%
Withdrawal rate	1%	1%

NOTE 39: DERIVATIVE INSTRUMENTS:

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

The forward exchange contracts outstanding as at 31st March, 2016 are as under:

Sr. No.	Currency Exchange	USD/INR	EURO/INR
1.	Number of 'Buy' Contracts	NIL	NIL
2.	Aggregate Currency Amount (In Rs. Lacs)	NIL	NIL
3.	Number of 'Sell' Contracts	26	1
4.	Aggregate Currency Amount (In Rs. Lacs)	1,724.58	75.09

As at the Balance Sheet date, the foreign currency exposure not hedged by a derivative instrument or otherwise aggregates Rs. 9,236.13 lacs (March 31, 2015: Rs. 7,069.04 lacs) for receivables (net of provisions) and Rs. 13,330.08 lacs (March 31, 2015: Rs. 13,267.84 lacs) for payables.

Life is growth. If we stop growing, technically and spiritually, we are as good as dead.

Notes on Financial Statement for the Year Ended 31st March, 2016

NOTE 40:

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

Name of Subsidiary	Nature	Amount (In Lacs)	Purpose
Sarla Overseas Holdings Ltd	Investment in Shares	183.22	Capital Investment
Sarlaflex Inc	Investment in Shares	596.50	Capital Investment
Sarlaflex Inc	Loans	5,286.67	Capital Expenditure and Working Capital

NOTE 40: SEGMENT REPORTING:

A) Information about Primary Business Segment: Based on the guiding principles given in the Accounting Standards on Segment Reporting (AS-17) the company is primarily in the business of manufacturing and processing of synthetic yarn which mainly having similar risk and returns. The Company has diversified its

activities into Wind Power Generation, hence the company's business activity now falls under two business segments, viz. (i) Manufacturing of Yarn and (ii) Generation of Wind Power.

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

C) Information about primary and secondary segments are follows

(Rs. in Lacs)

Particulars	2015-16			2014-15		
	In India	Outside India	Total	In India	Outside India	Total
Segment Revenue (Net of excise duty)						
Yarn:	8,064.04	14,621.52	22,685.56	8,833.86	14,219.23	23,053.09
Manufacturing :	1,172.92		1,172.92	3,043.77		3,043.77
Trading : *	485.26		485.26	595.92		595.92
Generation of Wind Power	9,722.22	14,621.52	24,343.74	12,473.55	14,219.23	26,692.78
Segment Results						
Yarn:						
Manufacturing :			6,069.55			4,568.75
Trading: *			13.01			81.13
Wind Power			100.73			82.84
Less: Finance cost (Unallocable)			508.08			514.48
Profit before tax			5,675.21			4,218.24
Segment Assets						
Yarn	37,620.27		37,620.27	32,528.86		32,528.86
Generation of Wind Power	5,441.66		5,441.66	3,248.79		3,248.79
Segment Liabilities						
Yarn	16,587.48		16,587.48	13,773.68		13,773.68
Generation of Wind Power	3,825.19		3,825.19	2,032.33		2,032.33
Capital Expenditure						
Yarn	1,323.96		1,323.96	456.58		456.58
Generation of Wind Power	2,320.41		2,320.41	195.44		195.44

NOTE 41: RELATED PARTY TRANSACTIONS:

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

1) Associates

M/s Satidham Industries Private Ltd.
M/s Hindustan Cotton Co.

2) Key Management Personnel & their Relatives

Madhusudan Jhunjunwala - Chairman
Krishna Jhunjunwala - Managing Director
Neha Jhunjunwala - Relative

*Liberty, when it begins to take root,
is a plant of rapid growth. - George Washington*

Notes on Financial Statement for the Year Ended 31st March, 2016

3) Joint Ventures of Subsidiary Company

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

4) Subsidiary and step down subsidiary Companies

M/s Sarla Overseas Holding Ltd. - Subsidiary company
M/s SarlaFlex Inc - Subsidiary company
M/s Sarla Europe, Lda - Step down subsidiary company

Details of transactions with above related parties:

(Rs. in Lacs)

	Associates Enterprises		Key Management personnel & Relatives		Joint Ventures		Subsidiary and step down subsidiary Co.	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Rent paid	6.00	6.00	-	-	-	-	-	-
Investment In Shares	-	-	-	-	-	-	779.71	779.71
Unsecured Loan Given	-	-	-	-	-	-	5,268.68	3,146.48
Remuneration	-	-	228.00	182.00	-	-	-	-
Advance Received	-	-	-	-	-	-	-	0.96
Security Deposit	250.00	250.00	-	-	-	-	-	-
Interest / Comission paid	-	-	-	-	-	-	94.35	74.10
Sale of Goods	-	-	-	-	-	-	3,785.40	3,811.16
Debtors	-	-	-	-	-	-	468.31	934.68
Dividend Received	-	-	-	-	-	-	1,337.68	529.77
Sale of Machinery	-	-	-	-	-	-	-	-

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

NOTE 43:

NOTE 46:

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

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

NOTE 44:

NOTE 47:

The company has contributed Rs. 5.93 lacs towards CSR activities from the company during the year. There is a short fall of Rs. 60.94 lacs towards spending on CSR as required under section 135 of the Companies Act, 2013.

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

NOTE 45:

NOTE 48:

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

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

Particulars	Current Year	Previous Year
Sarlaflex Inc.	5,286.68	3,146.48
Maximum amount due at any time during the year	7,091.65	3,146.48

As per our report of even date attached

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA - Partner
Membership No. 40617

Place : Mumbai
Date : 30th May, 2016

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director

MAHENDRA SHETH
CFO & Company Secretary

Independent Auditors' Report to the Members of Sarla Performance Fibers Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Sarla Performance Fibers Limited (the company) & its Wholly owned subsidiary company (collectively referred as "group") which comprise the consolidated Balance Sheet as at 31 March 2016, the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of other Auditor on the financial statement of step-down subsidiary and results of subsidiary and Joint-ventures as noted below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view, ***subject to note no 36 regarding non consideration of financial statement of three joint venture companies situated at Honduras and Turkey***, in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016 and its consolidated profit and its consolidated cash flows for the year ended on that date.

OTHER MATTERS:

1. Financial statements of Wholly Owned Subsidiary Company which reflects total assets of Rs. 6,318.84 lacs as at 31.03.2016 and total revenue of Rs. 4,183.88 lacs for the year then ended have been audited by us.
2. We did not audit the financial statements of one step-down subsidiary company which reflects total assets of Rs. 216.67 lacs as at 31.03.2016 and total revenue of Rs. 314.39 lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is based solely on the report of the other auditor.
3. We have relied on the unaudited financial statements of one wholly owned subsidiary company which reflects total assets of Rs. 17,398.79 lacs as at 31.03.2016 and total revenue of Rs. 4,180.23 lacs for the year then ended. These unaudited financial statements as approved by Board of Directors of this

Independent Auditors' Report to the Members of Sarla Performance Fibers Limited


company has been furnished to us by the management and our report in so far as it relates to the amounts included in respect of this company is based solely on such approved unaudited financial statements.

4. The consolidated financial statements for the year ended 31.03.2016 does not include financial statements of Savitex SA. De.C.V., M/s. MRK SA. De.C.V. and Sarla Tekstil Filament Sanayi, Turkey which are joint venture companies of wholly owned subsidiary company as the same has not been received.

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

Place: Mumbai
Date: 30th May, 2016

H. P. Kanodia
Partner
Membership No. 40617



*Our future growth relies on competitiveness and innovation, skills and productivity...
and these in turn rely on the education of our people.*

Consolidated Balance Sheet as at 31st March, 2016

(Rs. in Lacs)

	Note No.	Current Year 31st March 2016	Previous Year 31st March 2015
EQUITY AND LIABILITIES:			
1) SHAREHOLDER'S FUNDS			
- Share Capital	1	835.03	835.03
- Reserves and Surplus	2	25,346.58	22,136.22
		26,181.61	22,971.25
2) NON-CURRENT LIABILITIES			
- Long-Term Borrowings	3	13,795.41	11,573.26
- Deferred Tax Liabilities (Net)	4	771.26	1,418.96
- Other Non Current Liabilities	5	345.45	367.82
		14,912.12	13,360.05
3) CURRENT LIABILITIES			
- Short-Term Borrowings	6	10,786.81	12,201.22
- Trade Payables	7	1,538.66	2,732.66
- Other Current Liabilities	8	6,481.86	3,623.89
- Short-Term Provisions	9	350.75	890.14
		19,158.09	19,447.92
TOTAL		60,251.81	55,779.22
ASSETS:			
1) NON-CURRENT ASSETS			
- Fixed Assets			
i) Fixed Assets	10 & 11	21,072.68	18,928.23
ii) Capital Work-in-Progress		-	-
- Long Term Loans and Advances	12	839.19	2,226.01
- Non-Current Investments	13	8,501.07	5,710.66
		30,412.95	26,864.91
2) MINORITY INTEREST		24.07	33.05
3) CURRENT ASSETS			
- Current Investments	14	23.90	46.24
- Inventories	15	9,267.22	8,627.24
- Trade Receivables	16	7,796.26	7,870.47
- Cash and Cash Equivalents	17	11,012.29	9,405.38
- Short-term Loans and Advances	18	1,123.62	2,134.62
- Other Current Assets	19	591.51	797.30
		29,814.80	28,881.26
TOTAL	1 to 42	60,251.81	55,779.22
Significant accounting policies and Notes on financial statements			
Notes referred above forms integral part of the balance sheet			

As per our report of even date attached

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617

Place : Mumbai
Date : 30th May, 2016

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUAMR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

Consolidated Statement of Profit and Loss for the Year Ended 31st March, 2016

(Rs. in Lacs)

	Note No.	Current Year 31st March 2016	Previous Year 31st March 2015
INCOME:			
Revenue from operations	20	31,015.79	32,275.74
- Less: Excise duty		1,250.40	1,069.91
		29,765.39	31,205.83
Other income	21	1,305.17	1,168.59
		31,070.56	32,374.42
EXPENSES:			
Cost of materials consumed	22	12,303.45	13,668.31
Purchase of stock-in-trade		953.67	2,833.51
Changes in inventories of finished goods and work-in-progress	23	(1,015.74)	(1,578.26)
Employee benefit expenses	24	2,154.72	2,712.43
Finance costs	25	647.50	643.91
Depreciation and amortization expenses	10 & 11	1,545.44	1,448.73
Other expenses	26	9,401.83	8,607.72
		25,990.86	28,336.36
PROFIT BEFORE TAX:		5,079.70	4,038.06
Tax expense:		-	-
- Current tax (MAT)		1,227.57	1,264.30
- Less: MAT Credit		3.99	-
- Net Current Tax		1,223.58	1,264.30
- Deferred tax		(658.02)	(33.26)
Profit for the period (before adjustment of Minority Interest)		4,514.14	2,807.02
Less: share of Profit transferred to Minority Interest		9.69	13.31
Profit for the period (after adjustment of Minority Interest)		4,504.45	2,793.71
Earning per equity share (refer note 37)			
- Basic		5.39	3.35
- Diluted		5.39	3.35
Significant accounting policies and Notes on financial statements	1 to 42		

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

As per our report of even date attached

 For SUNDARLAL, DESAI & KANODIA
 Chartered Accountants

 H. P. KANODIA
 Partner
 Membership No. 40617

 Place : Mumbai
 Date : 30th May, 2016

FOR AND ON BEHALF OF BOARD OF DIRECTORS

 KRISHNAKUAMR JHUNJHUNWALA
 Managing Director
 (DIN: 00097175)

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

 MAHENDRA SHETH
 CFO & Company Secretary

Consolidated Cash Flow Statement for the Year Ended 31st March, 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
CASH FLOW FROM THE OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	5,070.01	4,038.06
ADJUSTMENT FOR		
Depreciation	1,545.44	1,448.73
Interest Paid	647.50	643.91
Interest Received	(782.65)	(420.05)
Gain on Sale of Fixed Assets	(0.45)	–
Capital Gain on Sale of Investment	(1.44)	(5.04)
Dividend Received	(0.52)	(51.25)
Operating Profit Before Working Capital Changes	6,477.89	5,654.36
ADJUSTMENT FOR CHANGES IN WORKING CAPITAL		
Trade & Other Receivable	83.20	(348.97)
Inventories	(639.98)	(1,546.60)
Loans & Advances	2,657.62	(2,628.28)
Trade & Other Payable	1,527.21	717.96
Foreign exchange fluctuation	(504.35)	(443.29)
Cash Generated From Operations	9,601.58	1,405.18
Prior Period Expenses/Extra Ordinary Items	–	–
Income Tax Paid	(1,277.58)	(1,209.11)
Deferred Tax Liabilities	–	–
Net Cash Flow from Operating Activities (1)	8,323.99	196.07
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,692.99)	(755.35)
Purchase of Investment	(2,768.07)	(274.34)
Dividend Received	0.52	51.25
Gain on Sale of Investment	1.44	5.04
Sale of Assets	3.56	–
Interest Received	782.65	420.05
Net Cash Flow from Investing Activities (2)	(5,672.90)	(553.35)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	–	4,669.00
Net Proceeds from Bank Borrowings	933.06	2,566.92
Dividend Paid	(1,329.75)	(514.29)
Interest Paid	(647.50)	(643.91)
Net Cash Raised From Financing Activities (3)	(1,044.19)	6,077.72
Net Changes in Cash & Cash Equivalent (1+2+3)	1,606.91	5,720.45
Cash And Cash Equivalent - Opening Balance	9,405.38	3,684.93
Cash And Cash Equivalent - Closing Balance	11,012.29	9,405.38

Notes :

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

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

For **SUNDARLAL, DESAI & KANODIA**
Chartered Accountants

H. P. KANODIA - Partner
Membership No. 40617

Place : Mumbai
Date : 30th May, 2016

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 1: SHARE CAPITAL:		
AUTHORISED CAPITAL:		
10,00,00,000 Equity Shares of Re. 1/- Each, (P.Y. 1,00,00,000 Equity Shares of Rs. 10/- each)	1,000.00	1,000.00
ISSUED, SUBSCRIBED AND PAID UP:		
83,503,000 Equity Shares of Re. 1/- each (P.Y. 83,50,300 Equity Shares of Rs. 10/- each)	835.03	835.03
	835.03	835.03

Terms/ rights attached to Equity Shares: The company has only one class of equity shares having par value of Re. 1/- each (P.Y. Rs. 10/- each) holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended 31st March 2016, the amount of per share interim dividend distributed to equity shareholders was Re. 0.80 (31st March 2015 Rs. 8.00)

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

Reconciliation of Outstanding Shares:	31st March 2016 No. of Shares	31st March 2015 No. of Shares
Opening as on 1st April	8,35,03,000	69,50,300
Add: Issued during the year	-	14,00,000
Less: Forfeited during the year	-	-
Closing as on 31st March	8,35,03,000	83,50,300

The face value of the equity share of Rs. 10/- each of the Company was sub-divided into 10 equity shares of Rs. 1/- each w.e.f from 30th October 2015 in terms of approval of the members of the Company in the AGM held on 28th September 2015.

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

Name of the Shareholder	No. of shares as on 31st March 2016	No. of shares as on 31st March 2015
Hindustan Cotton Company - Through its partners	2,11,64,790	21,16,479
Satidham Industries Private Limited	1,27,47,910	12,72,791
HDFC Small & Midcap Fund	40,00,000	7,43,817

NOTE 2: RESERVES AND SURPLUS:

CAPITAL RESERVES:		
Balance as per last balance sheet	239.49	237.73
SECURITIES PREMIUM:		
Balance as per last balance sheet	4,529.00	4,529.00
- Add: Addition during the year	-	-
	4,529.00	4,529.00
GENERAL RESERVE:		
Balance as per last balance sheet	6,774.38	5,274.38
- Add: Transferred from statement of profit & loss	1,500.00	1,500.00
	8,274.38	6,774.38

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
SURPLUS:		
Balance as per last balance sheet	11,228.70	10,712.88
Add: Profit for the period	4,504.45	2,784.63
Add: Excess provision for Dividend distribution tax written back	269.60	88.59
Less: Adjustment relating to Fixed Assets (Refer note No. 28)	–	61.74
Less: Appropriations:		
- Transferred to General reserve	1,500.00	1,500.00
- Proposed Dividend	202.46	661.04
- Interim Dividend	668.02	–
- Tax on Dividend	–	133.56
- Tax on Interim Dividend	178.50	–
Closing balance in statement of profit & loss	13,453.77	11,229.76
Foreign Currency translation reserve	(1,153.12)	(590.68)
Profit on Consolidation	3.06	(43.97)
TOTAL	25,346.58	22,136.22
NOTE 3: LONG TERM BORROWING:		
TERM LOANS:		
SECURED LOANS - FROM BANKS		
From Standard Chartered Bank	78.77	371.63
- Foreign Currency Loan		
(Exclusive charge on wind turbine generator financed and situated at Satara & Sangli Dist. at Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat and personal guarantee of managing director)		
(Term loan of USD 19,00,000 Repayable in 16 equal quarterly installment of USD 1,18,750 each till June 2017)		
From DBS Bank	132.66	625.90
- Foreign Currency Loan		
(Exclusive charge on wind turbine generator financed and situated at Sangli Dist. At Maharashtra and personal guarantee of managing director)		
(Term loan of USD 30,00,000 Repayable in 15 equal quarterly installment of USD 2,00,000 each till June 2017)		
From YES Bank	1,500.00	–
- Rupee Term Loan		
(Lien on Fixed Deposits of Rs. 15 crores made with Yes Bank Ltd.)		
(Term loan of Rs. 15,00,00,000 bullet repayment after 60 months)		
From Standard Chartered Bank	2,291.78	–
- Foreign Currency Loan		
(Secured by first charge on pari-pasu basis on the fixed assets of the company except Unit 1 and extension of charge on Wind Turbine Generators financed by Standard Chartered Bank & further secured by lien on mutual funds of Rs. 2.00 crores)		
(Term loan of USD 40,00,000 Repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016)		
From CITI BANK NA, USA	789.32	1,445.33
From Bank of America	435.30	645.46
(Above loans are secured by stand by letter of credit given by Sarla Performance Fibers Limited)		

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
SECURED LOANS - NNMF		
NNMF Sub-CDE XXIII, LLC LOAN "A"	6,051.90	5,710.66
(Investment in USBCDC Investment fund 8, LLC)		
NNMF Sub-CDE XXIII, LLC LOAN "B"	2,484.77	2,344.67
(Above loans are secured against the Fixed Assets of Sarlafle LLC)		
UNSECURED LOANS		
Other loans and advances	30.90	429.62
TOTAL	13,795.41	11,573.26
NOTE 4: DEFERRED TAX LIABILITY (NET):		
Deferred Tax Liability -		
On account of depreciation	1,634.48	1,418.96
Less: Deferred Tax Asset -		
On account of carryforward losses	860.30	—
On account of Provision for diminution in value of current investment	2.92	—
TOTAL	771.26	1,418.96
NOTE 5: OTHER NON CURRENT LIABILITIES:		
Creditors for Capital goods	345.45	367.82
TOTAL	345.45	367.82
NOTE 6: SHORT TERM BORROWING:		
LOANS REPAYABLE ON DEMAND		
- Secured Loans		
- From Banks:		
- Packing Credit Loan	6,678.65	8,561.69
- Foreign Bill Discounting	2,353.53	1,544.50
- Buyers Credit	201.39	—
- Working Capital Demand Loan	1,326.60	1,869.79
(All the above working capital facilities are secured against all the current assets (present and future) of the company. (These facilities are further secured by first charge on the fixed assets of the company except Wind Turbine Generator). (These facilities are further secured by personal guarantee of Managing Director.) # (secured by Stand by Letter of credit given by Sarla Peformance Fibers Limited.)	—	—
Unsecured Loans from Related Concerns	226.64	225.24
TOTAL	10,786.81	12,201.22
NOTE 7: TRADE PAYABLES:		
TRADE PAYABLES		
Trade Payables (refer note 34)	1,538.66	2,732.66
TOTAL	1,538.66	2,732.66

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 8: OTHER CURRENT LIABILITIES:		
Current maturities of long-term debts	2,243.64	2,118.31
Unpaid dividend	65.91	35.43
Other Payables:		
TDS payable	0.09	1.04
Sales tax payable	0.99	3.40
Other statutory dues payable	5.98	5.89
Excise duty payable	174.67	169.33
Sundry creditors	3,240.56	793.34
Advance from customers	583.10	341.05
Other liabilities	166.92	156.12
TOTAL	6,481.86	3,623.89
NOTE 9: SHORT TERM PROVISIONS:		
For Employee benefits:		
- Provision for gratuity	78.52	70.09
- Provision for leave encashment	3.68	3.89
- Provision for bonus	6.91	9.59
- Salaries and wages payable	10.39	4.98
	99.50	88.56
For others:		
Provision for dividend	208.76	668.02
Provision for tax on dividend	42.50	133.56
	251.26	801.59
TOTAL	350.75	890.14

Criticism, like rain, should be gentle enough to nourish a man's growth without destroying his roots. - Frank A. Clark

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

NOTE 10: TANGIBLE ASSETS: (Rs. in Lacs)

Particulars	Gross Carrying Amount			Depreciation			Net Carrying Amount				
	As on 01-04-2015	Addition/ adjustment	Deduction/ adjustment	As on 31-03-2016	Upto 31-03-2015	For the Year	Deduction	Adjustment (Refer Note No. 28)	Upto 31-03-2016	As on 31-03-2016	As on 31-03-2015
Land	153.15	-	-	153.15	1.83	1.40	-	-	3.23	149.91	151.31
Factory Building	3,927.90	53.57	-	3,981.48	538.22	115.64	-	-	653.85	3,327.62	3,389.69
Plant and Machinery (#)	17,048.09	1,191.68	-	18,239.76	5,966.70	1,158.55	-	-	7,125.25	11,114.51	11,081.39
Electrical Installations	408.80	55.36	-	464.16	245.96	19.77	-	-	265.73	198.43	162.84
Office Equipment	46.95	3.92	-	50.87	31.80	5.56	-	-	37.36	13.51	15.15
Computers and Software	120.24	50.04	-	170.28	62.08	17.64	-	-	79.72	90.57	58.17
Vehicles	177.97	9.65	9.07	178.55	93.93	17.37	5.96	-	105.34	73.22	84.04
Furniture & Fixture	111.99	0.77	-	112.77	51.61	6.06	-	-	57.66	55.10	60.39
Wind Turbine Generator (#)	4,589.50	2,356.49	36.07	6,909.92	700.98	199.78	-	-	900.77	6,009.15	3,888.52
Solar System	-	7.45	-	7.45	-	0.19	-	-	0.19	7.25	-
Other Fixed Assets	80.14	0.15	-	80.29	45.11	3.48	-	-	48.58	31.71	35.03
Total	26,664.74	3,729.07	45.14	30,348.66	7,738.21	1,545.44	5.96	-	9,277.69	21,070.97	18,926.52
#) Addition is net of loss of Rs. 11,820,625/- (PY gain of Rs. 19,544,512/-) on reinstatement of foreign currency loan taken to acquire the asset. For details refer note 29											

(#) Addition is net of loss of Rs. 11,820,625/- (PY gain of Rs. 19,544,512/-) on reinstatement of foreign currency loan taken to acquire the asset. For details refer note 29

NOTE 11: INTANGIBLE ASSETS: (Rs. in Lacs)

Particulars	Gross Carrying Amount			Depreciation			Net Carrying Amount			
	As on 01-04-2015	Addition/ adjustment	Deduction/ adjustment	As on 31-03-2016	Upto 31-03-2015	For the Year	Deduction	Upto 31-03-2016	As on 31-03-2016	As on 31-03-2015
Computer Software	9.23	0.18	-	9.41	7.52	0.18	-	7.70	1.70	1.70
TOTAL	9.23	0.18	-	9.41	7.52	0.18	-	7.70	1.70	1.70

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 12: LONG - TERM LOANS AND ADVANCE:		
(Unsecured, considered good)		
Capital advances	163.13	89.65
Security deposits	449.83	380.10
Advance paid for Property at Dadra	–	1,630.00
Other loans and advance	226.23	126.26
TOTAL	839.19	2,226.01
NOTE 13: NON-CURRENT INVESTMENT:		
Investment in USBCDC Investment Fund 8, LLC	6,051.90	5,710.66
Investment Property	1,649.18	–
NON-TRADE:		
<u>Investment in Preference shares:</u>		
Investment In Tata Motors Finance Limited	500.00	–
<u>Investment in Mutual Funds:</u>		
Tata Short Term Bond Fund Plan A-Growth (Units 365262.11 Nav Rs. 28.1610/-, P.Y. Nil)	100.00	–
DSP Blackrock Short Term Fund- Growth (Units 399769.73 Nav Rs.25.0144/-, P.Y. Nil)	100.00	–
IDFC Super Saver Income Fund-Growth (Units 141808.97 Nav Rs.35.2587/-, P.Y. Nil)	50.00	–
L & T Income Opportunities Fund - Growth (Units 303988.33 Nav Rs.16.4480/-, P.Y. Nil)	50.00	–
TOTAL	8,501.07	5,710.66
NOTE 14: CURRENT INVESTMENT:		
(Valued at cost or market value, whichever is lower)		
Non-trade investments:		
In Equity Shares - Quoted, fully paid up		
2,000 (PY 3000) shares of Arvind Mills Limited of Rs. 10 each	5.89	8.84
3,00 (PY Nil) shares of Arvind Infrastructure Limited of Rs. 10 each	–	–
Nil (PY 500) shares of Balkrishna Industries Limited of Rs. 2 each	–	3.02
55 (PY Nil) shares of Nirvikar Paper Mills Limited of Rs. 2 each	–	–
500 (PY 500) shares of Larsen & Toubro Limited of Rs. 2 each	8.97	8.97
500 (PY 500) shares of LIC Housing Finance Limited of Rs. 2 each	2.41	2.41
3,500 (PY 3500) shares of Punjab National Bank Limited of Rs. 2 each	7.26	7.26
69 (PY 69) shares of Siyaram Silk Mills Limited of Rs. 10 each	0.55	0.55
Nil (PY 15000) shares of Tata Coffee Limited of Rs. 1 each	–	15.19
2,000 (PY Nil) shares of Hikal Limited of Rs. 10 each	3.30	–
1,000 (PY Nil) shares of Syngene Internation Limited of Rs. 10 each	3.95	–
Less : Diminution in value of investment	8.44	–
TOTAL	23.90	46.24
(Aggregate amount of Unquoted investment)	32.34	46.24
(Provision made for diminution in value of investment)	8.44	–

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 15: INVENTORIES:		
(As taken, valued and certified by the Management)		
Raw Materials	1,826.58	2,030.30
Work-In -Progress	2,208.90	1,826.58
Finished goods	4,756.39	4,157.86
Stores and Spares	72.55	78.46
Oil & lubricant	91.43	173.13
Power & Fuel	2.49	9.84
Packing Materials	157.29	199.48
Other Inventories	151.59	151.59
TOTAL	9,267.22	8,627.24
NOTE 16: TRADE RECEIVABLE:		
(Unsecured, considered good)		
Outstanding for more than 6 months from due date	54.23	279.15
Outstanding for less than 6 months form due date	7,742.04	7,591.32
TOTAL	7,796.26	7,870.47
NOTE 17: CASH AND BANK BALANCES:		
CASH AND CASH EQUIVALENTS:		
Balance with banks	1,478.38	2,881.79
Cash on hand	13.97	17.81
	1,492.35	2,899.60
OTHER BANK BALANCES:		
Balance in unpaid dividend account	65.92	35.43
Fixed deposits with remainingmaturity for more than 12 months	396.12	9.25
Fixed deposits with remainingmaturity for less than 12 months	9,057.90	6,461.10
[Fixed deposits of Rs. 28,28,27,946 (P.Y. Rs. 10,78,46,841) pledged as margin money deposit]		
	9,519.93	6,505.78
TOTAL	11,012.29	9,405.38
NOTE 18: SHORT TERM LOANS AND ADVANCES:		
To Others		
Unsecured, considered good	916.38	1,981.38
Advance Income Tax (Net of Provisions)	207.24	153.24
TOTAL	1,123.62	2,134.62
NOTE 19: OTHER CURRENT ASSETS:		
Other receivable	229.63	505.21
Interest receivables	361.88	292.09
Pre-oprative expenses	-	-
TOTAL	591.51	797.30

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 20: REVENUE FROM OPERATIONS:		
(a) Sale of Products/ Services:		
- Local Sales	9,644.26	9,733.76
- Export Sales	16,047.13	14,941.11
- Deemed Export Sales	404.86	550.09
- Trading Sales	4,238.06	6,108.97
- Sale of Wind Power	457.66	582.80
	30,791.97	31,916.72
(b) Other Operating Revenues:		
- Export benefits	32.30	82.34
- Export Incentives(Focus License)	127.56	239.04
- Sale of Waste yarn	36.36	24.52
- Renewable Energy Certificate income	27.60	13.12
	223.82	359.01
TOTAL	31,015.79	32,275.74
NOTE 21: OTHER INCOME:		
- Dividend Income on Current investments	0.52	2.61
- Dividend Income from Subsidiary	-	48.64
- Profit on sale of fixed assets	0.45	-
- Profit on sale of investment	1.44	5.04
- Exchange rate difference (Net)	55.86	188.46
- Miscellaneous Income	464.25	503.79
- Interest Income	782.65	420.05
TOTAL	1,305.17	1,168.60
NOTE 22: COST OF MATERIALS CONSUMED:		
Inventory at the beginning of the year	2,178.79	2,429.26
Add: Purchase	12,102.84	13,417.84
Add: interunit transfer purchases	-	-
	14,281.63	15,847.10
Less: interunit transfer sales	-	-
Less: Inventory at the end of the year	1,978.17	2,178.79
Cost of materials consumed	12,303.45	13,668.31
NOTE 23: (INCREASE)/ DECREASE IN INVENTORIES:		
INVENTORIES AT THE END OF THE YEAR		
Work-in-progress	2,208.90	1,815.87
Finished goods	4,756.39	4,133.68
	6,965.29	5,949.55
INVENTORIES AT THE BEGINNING OF THE YEAR		
Work-in-progress	1,815.87	1,529.50
Finished goods	4,133.68	2,841.79
	5,949.55	4,371.29
TOTAL	(1,015.74)	(1,578.26)

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

(Rs. in Lacs)

	Current Year 31st March 2016	Previous Year 31st March 2015
NOTE 24: EMPLOYEE BENEFIT EXPENSES:		
Salaries, wages and bonus	1,838.73	2,279.96
Contribution to provident and other funds	235.59	362.03
Staff welfare expenses	80.40	70.44
TOTAL	2,154.72	2,712.43
NOTE 25: FINANCE COSTS:		
Interest expenses	497.19	478.02
Bank charges	150.30	165.89
TOTAL	647.50	643.91
NOTE 26: OTHER EXPENSES:		
MANUFACTURING EXPENSES:		
Consumption of stores and spare parts	471.99	409.08
Power and fuel	2,150.31	2,016.67
Consumption of packing materials	1,383.58	1,298.02
Consumption of oils and chemicals	548.50	571.77
Labour charges	1,655.56	1,219.33
Clearing and forwarding charges	356.28	419.39
Repairs and Maintenance:		
- Building	33.25	24.34
- Machinery	152.06	88.03
Excise duty expenses (#)	5.34	33.87
Water, waste and effluent treatment charges	117.85	70.58
ADMINISTRATIVE AND SELLING EXPENSES:		
Rent	72.65	45.88
Repairs and Maintenance - Others	77.22	57.60
Insurance	98.46	122.57
Rates and taxes	43.71	15.91
Director sitting fees	2.60	2.10
Legal and professional fees	164.09	294.19
Corporate Social Responsibility Expenses	5.93	-
Provision for diminution in value of current investment	8.44	-
Miscellaneous expenses	589.47	585.97
Payment to auditor:		
As auditors:		
- Audit fee	11.27	11.56
- Limited review	-	0.20
In other capacity:		
- Other services (certification fees)	-	1.00
Freight and forwarding charges	810.42	845.52
Commission on sales	307.28	298.21
Bad debts written off	323.89	159.56
Transmission charges	11.66	16.38
TOTAL	9,401.83	8,607.72

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

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

NOTE 27: SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

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

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

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

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

E: The consolidated financial statement represents those of

Sarla Performance Fibers Limited and its wholly owned subsidiary, Sarla Overseas Holdings Ltd., BVI (SOHL). Financial statements of SOHL includes, Sarla Europe, LDA in which SOHL holds 60% of its Share Capital, Savitex in which SOHL holds 40% of its Share Capital, Sarla Tekstil in which SOHL holds 45% of its Share Capital and MRK SA De C.V. in which SOHL hold 33.33% of its Share Capital. The company SOHL has commercial disputes with its JV partners Savitex S.A. De C.V. & MRK S.A. De C.V. resulting into the matter being referred to the appropriate judicial authority in Honduras. The matter being subjudice, the financial performance of both the JV's are not taken in to consideration while preparing the Consolidated Financial results for the year 2014-15 & Financial results of Sarla Tekstil have also not been considered as same has not been received.

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

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

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

IMPAIRMENT OF ASSETS: Impairment is ascertained at each balance sheet date in respect of Cash Generating Units. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

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

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

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

INVENTORIES:

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

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

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

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

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

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

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

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

FOREIGN EXCHANGE TRANSACTION:

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

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

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

REVENUE RECOGNITION:

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

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

C: Export benefits/incentives are accounted on accrual basis except focus license income which is recognized on cash basis.

D: Interest income is recognised on time proportionate method.

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

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

TAXATION:

A: Tax expense comprises of current and deferred tax.

Current Tax: Provision for current taxation is made for the

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

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

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

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

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

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

NOTE 28: CONTINGENT LIABILITIES NOT PROVIDED FOR:

A. CONTINGENT LIABILITIES

1. Letter of credit: Letter of Credit issued by Banks on behalf of the Company Rs. 2,848.40 Lacs (P.Y. Rs. 1,873.46 Lacs), these are covered by the Charge created in favour of the Company's Bankers by way of Hypothecation of Stocks, Receivable & Machineries/Assets of the Company.

Stand-by Letter of credit issued by Banks on behalf of Sarlaflex, Inc, WOS of USD. 8.55 million (P.Y. USD 9.00 millions) equivalent to Rs. 5,670.55 lacs (P.Y. Rs. 5,633.10 lacs).

2. Guarantees: Bank Guarantees issued by Banks on behalf of the company Rs. 593.38 Lacs (P.Y. Rs 523.40 Lacs). These are secured by the charge created in favour of the company's bankers by way of pledge of Fixed Deposit Receipts.

3. The claim against Company not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs. 1,196.62 Lacs (P.Y. Rs. 2,771.66 Lacs).

4. CST liability in respect of invoice amount of Rs. 2,604.20 Lacs (P.Y. Rs. 2,105.47 Lacs) for which C-Form are yet to be collected from the customers.

5. Liability of Income Tax amounting to Rs. 13.17 Lacs for A.Y. 2003-04 for which part relief is granted by Honb'le ITAT, Mumbai but appeal effect is not given by assessing officer.

Liability of Income Tax amounting to Rs. 53.94 Lacs for A.Y. 2012-13 mainly due to mistake by AO while passing order wherein credit for Dividend Distribution Tax was not granted and for which rectification application is filed by company for granting tax credit paid before assessing officer and same is not yet rectified.

NOTE 29:

The company has exercised option given in Companies (Accounting Standard) Amendment Rules 2009 on Accounting Standard 11 issued by ICAI which was notified by MCA regarding accounting of exchange rate difference related to foreign currency loan utilised for acquisition of fixed assets by way of notification no. GSR 225(E) dated 31.03.2009 read with notification no. GSR 913(E) dated 29.12.2011. On exercise of option referred above, foreign exchange loss of Rs. 194.55 lacs (P.Y. loss of Rs.118.21 lacs) is adjusted in Fixed Assets during the year.

NOTE 30:

Managing Director's remuneration is 120.00 Rs. Lacs (P.Y. Rs. 96.00 Lacs) & the whole time Director's remuneration is Rs. 108.00 Lacs (P.Y.Rs. 80.00 Lacs) is in accordance with section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

NOTE 31: TAXATION:

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

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

In accordance with AS-22 issued by the Institute of Chartered Accountants of India on 'Accounting of Taxes on Income' net deferred tax income on account of timing difference for current year is Rs. 658.02 lacs (P.Y. expense of Rs. 33.26 lacs) which is credited/debited to statement of profit and loss.

NOTE 32: EARNING PER SHARE:

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

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

Note: During the year under review, Shares of the Company of face value of Rs. 10/- each has been sub-divided into 10 equity shares of Re. 1/- each.

NOTE 33:

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

NOTE 34: DERIVATIVE INSTRUMENTS:

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions

and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts outstanding as at 31st March, 2016 are as under:

Sr. No.	Currency Exchange	USD/INR	EURO/INR
1.	Number of 'Buy' Contracts	NIL	NIL
2.	Aggregate Currency Amount (In Rs. Lacs)	NIL	NIL
3.	Number of 'Sell' Contracts	26	1
4.	Aggregate Currency Amount (In Rs. Lacs)	1,724.58	75.09

As at the Balance Sheet date, the foreign currency exposure not hedged by a derivative instrument or otherwise aggregates Rs. 9,236.13 lacs (March 31, 2015: Rs. 7,069.04 lacs) for receivables (net of provisions) and Rs. 13,330.08 lacs (March 31, 2015: Rs. 13,267.84 lacs) for payables.

NOTE 35:

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

NOTE 36:

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

Notes on Consolidated Financial Statement for the Year Ended 31st March, 2016

NOTE 37:

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

31st March, 2016				
Name of Director	Net Assets / (Net liabilities) i.e., total assets minus total liabilities		Share in Profit / (Loss)	
	As a % of consolidated net assets/(liabilities)	Amount (Rs. Lacs)	As a % of consolidated profit/(loss)	Amount (Rs. Lacs)
Parent				
Sarla Performance Fibers Limited	86.51%	22,649.26	94.70%	4,265.70
Subsidiaries				
Foreign				
Sarla Overseas Holding limited*#	24.51%	6,417.83	33.32%	1,500.83
Sarlaflex Inc*	(8.13%)	(2,129.82)	1.89%	85.15
Minority Interest in all subsidiaries	0.09%	24.06	(0.21%)	(9.68)
Intercompany Elimination	(2.98%)	(779.72)	(29.70%)	(1,337.68)
	100.00%	26,181.61	100.00%	4,504.32

*Figures after consolidation with their subsidiaries

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

NOTE 38:

same has not been received.

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

NOTE 39:

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 2015-16 & 2014-15 & Financial results of Sarla Tekstil have also not been considered as

As per our report of even date attached

For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617

Place : Mumbai
Date : 30th May, 2016

NOTE 40:

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

NOTE 41:

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

NOTE 42:

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

KRISHNAKUAMR JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]

Registered Office: Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa, U.T. of Dadra & Nagar Haveli – 396230, India,

Tel: 0260 3290467 **Fax:** 0260 2631356

Email: investors@sarlafibers.com **Website:** www.sarlafibers.com

NOTICE OF TWENTY THIRD ANNUAL GENERAL MEETING

Notice is hereby given that the **Twenty Third Annual General Meeting** of the members of Sarla Performance Fibers Limited [CIN: L31909DN1993PLC000056] will be held on Friday, 30th September, 2016, at 11:00 a.m., at the Registered Office of the Company at Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa - 396230, U.T. of Dadra & Nagar Haveli to transact the following businesses:

ORDINARY BUSINESS:

Item No. 1 - Adoption of Financial Statements

To receive, consider and adopt the Standalone and Consolidated Audited financial statements of the Company for the financial year ended 31st March, 2016, including the Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.

Item No. 2 - Declaration of Dividend

To declare dividend of Rs. 0.25 per Equity Shares for the financial year ended 31st March, 2016.

Item No. 3 - Appointment of Director

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

Item No. 4 - Ratification of Appointment of Auditor

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

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, the Company hereby ratifies the appointment of M/s. Sundarlal, Desai & Kanodia, Chartered Accountants (ICAI Firm Registration No. 110560W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Twenty Forth Annual General Meeting of the Company to be held in year 2017 to examine and audit the accounts of the Company for the Financial Year 2016-17, at such remuneration plus service tax, out-of-pocket, travelling and other

expenses etc., as may be mutually agreed between the Board of Directors and the Auditors.”

Item No. 5 - Ratification of appointment and remuneration of Cost Auditor for financial year 2015-16:

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Board of Directors of the Company for payment of remuneration of Rs. 50,000/- (Rupees fifty thousand only) plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending 31st March, 2016, to M/s. Ashwani Kumar Gupta & Co., Cost Accountants, (Membership Number: 34097) 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 acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Item No. 6 - Ratification of appointment and remuneration of Cost Auditor for financial year 2016-17:

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Board of Directors of the Company for payment of remuneration of Rs. 3,00,000/- (Rupees three lacs only) plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending 31st March, 2017, to M/s. B.F. Modi & Associates, Vapi Cost Accountants, (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

Notice

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.”

Item No. 7 - Service of Documents as per Section 20 of the Companies Act, 2013

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

“**RESOLVED THAT** pursuant to provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules prescribed there under, the consent of the Company

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA

Chairman & Whole Time Director
(DIN: 00097254)

Registered Office:

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

Survey No. 59/1/4, Amli Piparia Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli - 396230,
Email: investors@sarlafibes.com

be and is hereby accorded to charge from a member in advance, a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, if any, request has been made by such member for delivery of such document to him through such mode of service provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of the document by the Company.

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Place : **Mumbai**

Date : **11th August, 2016**

Strength and growth come only through continuous effort and struggle.

Notes

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts concerning the business under Item Nos. 5, 6 and 7 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") of the person seeking appointment as Director under Item Nos. 5, 6 and 7 of the Notice are also annexed.

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

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

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

5. Pursuant to sections 101 and 136 of the Companies Act, 2013 read with the rules framed thereunder, the Notice calling the Annual General Meeting along with the Annual Report for the year ended 31st March, 2016 would be sent by electronic mode to those members whose e-mail addresses are registered with the Depository or the Company's Registrar and Transfer Agents, unless the members have requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies would be sent by the permitted mode.

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

7. Members may also note that Notice of the 23rd Annual General Meeting and the Annual Report for financial year ended 31st March, 2016 is also available on the Company's website at www.sarlafibers.com

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

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

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

11. The register of members and share transfer books of the Company shall remain closed from 24th September, 2016 to 30th September, 2016 (both days inclusive).

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

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

14. The dividend for the year ended 31st March, 2016 as recommended by the Board, if approved at the Annual General Meeting will be paid to those members whose names appear on the Company's register of members on 22nd September, 2016. In respect of shares held in demat form; the dividend will be paid to the beneficial owners of shares as per details furnished by the depositories for the purpose. The dividend will be paid on and from 30th September, 2016.

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

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

Notes

Bank Account Number
MICR Code
IFSC Code

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

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

16. In terms of Section 205A(5) and 205C of the Companies Act, 1956 (which are still applicable as the relevant sections under the Companies Act, 2013 are yet to be notified) 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 unpaid or unclaimed dividends for the financial year ended 31st March, 2008 on 27th November, 2015, to the IEPF. For the financial year ended 31st March, 2009, the Company shall in accordance with the provisions, transfer the amount to the IEPF within 30 days from 29th September, 2016. Members who have not as yet encashed their dividend warrants for the financial year ended 31st March, 2009 thereafter are requested to write to the Company /Registrars and Share Transfer Agents. Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed or unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of such claim.

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

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

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

20. 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.

21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are having demat accounts. Members holding shares in physical form are requested to submit PAN details to the Company/ Registrar.

22. Detailed profile of Directors seeking appointment or re-appointment in the Annual General Meeting (Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Name of Director	Ms. Neha K. Jhunjhunwala
Date of Birth	22.02.1989
Date of Appointment	31.03.2015
Expertise in specific functional areas	Experience in Human Resource Management and Marketing
Qualification	BMS & Master of Science in Marketing and Strategy
Directorship in other Companies (excluding Foreign and Section 8 Companies) as on 31st March, 2016	NIL
Chairmanship/ Membership of the Committee as on 31st March, 2016 (Includes only Audit and Stakeholders' Grievance Committee)	NIL
Number of Shares held on 31st March, 2016	NIL

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

23. 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 Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise 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 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 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 27th September, 2016 (9:00 am IST) and ends on 29th September, 2016 (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 23rd September, 2016, 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 process and manner for remote e-voting are as under:

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

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

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

iii) Click on Shareholder - Login

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

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

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

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

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

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

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

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

xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to mail@csajitsathe.com with a copy marked to evoting@nsdl.co.in

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

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

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

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

VI. 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.

VII. 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.

VIII. 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).

IX. 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 23rd September, 2016.

X. 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. 23rd September, 2016, 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

Notes

your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

XI. 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.

XII. 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.

XIII. CS Ajit Sathe - Proprietor of M/s A. Y Sathe & Co., Company Secretaries in Practice (Registration No.: FCS: 2899/COP: 738) have been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

XIV. 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 Paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XV. 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.

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA

Chairman & Whole Time Director
(DIN: 00097254)

Place : **Mumbai**
Date : **11th August, 2016**

Registered Office:

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

Survey No. 59/1/4, Amla Piparia Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli - 396230,
Email: investors@sarlafibers.com

Without continual growth and progress, such words as improvement, achievement, and success have no meaning.

- Benjamin Franklin

Route Map: SPFL Registered Office



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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA

Chairman & Whole Time Director
(DIN: 00097254)

Place : Mumbai
Date : 11th August, 2016

Registered Office:

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

Survey No. 59/1/4, Amli Piparia Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli - 396230,
Email: investors@sarlafibers.com

Explanatory Statement

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5, 6 and 7 of the accompanying Notice:

Item No. 5: In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company. As per the Rules, remuneration payable to the cost auditor is required to be ratified by the members of the Company in the general meeting.

The Board of Directors of the Company by the way of circular resolution passed on 25th September, 2015 has considered and approved the appointment of M/s. Ashwani Kumar Gupta & Co., Cost Accountants, Aurangabad (having Membership No. 34097) as the cost auditor of the Company for the financial year 2015-16 at a remuneration of Rs. 50,000/- plus applicable service tax 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 2015-16. 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.

Item No. 6: The Board of Directors of the Company at their Board meeting held on 11th August, 2016 has considered and approved the appointment of M/s. B.F. Modi & Associates, Vapi, Cost Accountants (having Membership No. 6955) as the cost auditor of

the Company for the financial year 2016-17 at a remuneration of 3,00,000/- plus applicable service tax 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 2016-17. 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.

Item No. 7: As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivery at his office or residence address or by such electronic or other mode as may be prescribed. Further, proviso to sub-section (2) of Section 20 states that a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined by the Company in its Annual General Meeting. Accordingly, the Board of Directors in their meeting held on 11th August 2016 has proposed that a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, if any request has been made by any member for delivery of such documents to him through such mode of service, be taken to cover the cost of such delivery.

None of the Directors or Key Managerial Personnel including their relatives is concerned or interested, financial or otherwise, in the said resolution. The Board recommends the Ordinary Resolution as set out in the Notice for approval of the Members.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA

Chairman & Whole Time Director
(DIN: 00097254)

Registered Office:

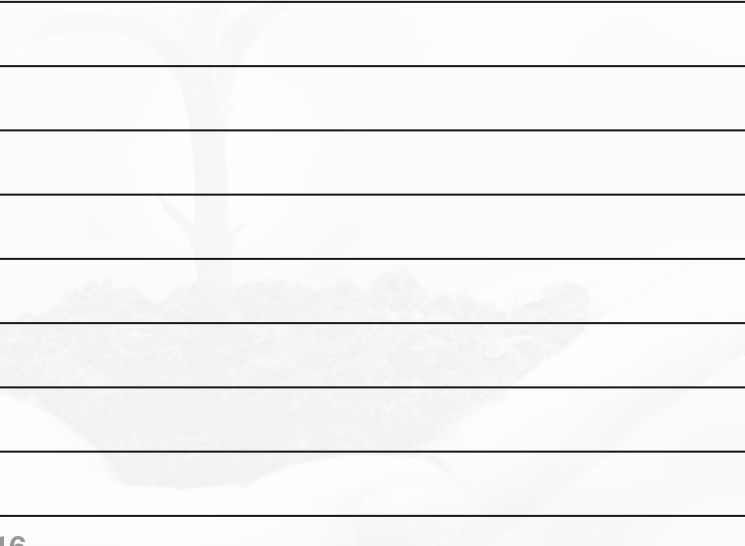
SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

Survey No. 59/1/4, Amli Piparia Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli - 396230,
Email: investors@sarlafibers.com

Place : **Mumbai**
Date : **11th August, 2016**

Growth begins when we begin to accept our own weakness.



15-2016

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SARLA PERFORMANCE FIBERS LIMITED

CIN: L31909DN1993PLC000056

Registered Office: Survey No. 59/1/4, Amli Piparia Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli - 396230

Tel: 0260 3290467, Fax: 0260 2631356

Website: www.sarlafibers.com

ATTENDANCE SLIP 23rd 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 23rd Annual General Meeting of the Company to be held at registered office on Friday, 30th September, 2016 at 11.00 a.m.

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

Electronic Voting
Event Number (EVEN)

User ID

Password

Note:

1. Person attending the Meeting is requested to bring this Attendance Slip and Annual Report with him/her. Duplicate Attendance Slip and Annual Report will not be issued at the Annual General Meeting.
2. Please read the complete instructions given under the note no. 23 to the Notice of Annual General Meeting. The voting time starts from Tuesday, September 27, 2016 from 9:00 A.M. and ends on Thursday, September 29, 2016 at 5:00 P.M. The voting module shall be disabled by NSDL for voting thereafter.



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 **23rd Annual General Meeting** of the Company, to be held on **Friday, 30th September, 2016 at 11.00 a.m.**, at the Registered Office of the Company at Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa, U.T. of Dadra & Nagar Haveli - 396230, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution No.	For	Against
1.	Adoption of Financial Statements		
2.	Declaration of Dividend		
3.	Appointment of Director, who retires by rotation		
4.	Ratification of Appointment of Auditor		
5.	Ratification of Appointment and Remuneration of Cost Auditors for F.Y. 2015-16		
6.	Ratification of Appointment and Remuneration of Cost Auditors for F.Y. 2016-17		
7.	Service of Documents as per Section 20 of the Companies Act, 2013		

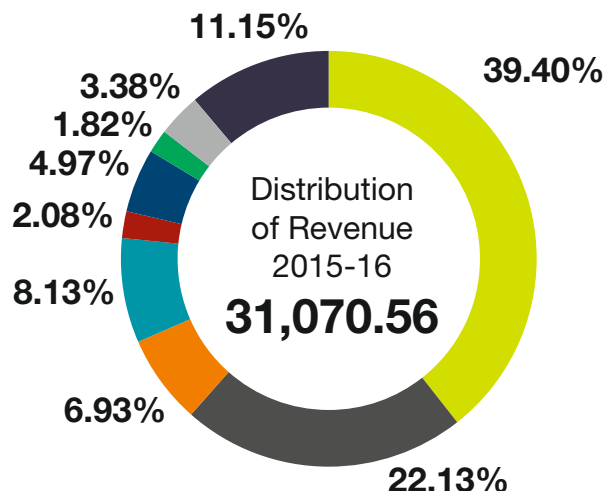
Signed _____ day of _____, 2016

Signature of shareholder: _____

Signature of Proxy holder(s): _____

Affix Re. 1
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Materials	12,241.38
Manufacturing Expenses	6,874.72
Employees Remuneration & benefits	2,154.72
Administrative & other expenses	2,527.11
Interest & Finance Charges	647.5
Depreciation	1,545.44
Tax	565.56
Dividend (including Tax)	1,048.98
Retained Earnings	3,465.15

EBIDTA 18.63%

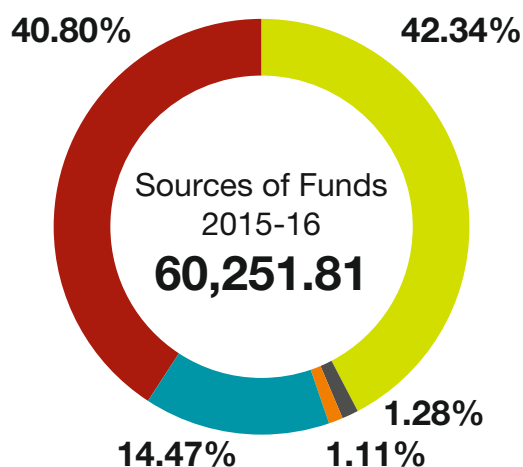
2015-16	7,272.64
2014-15	6,130.70

PBT 25.80%

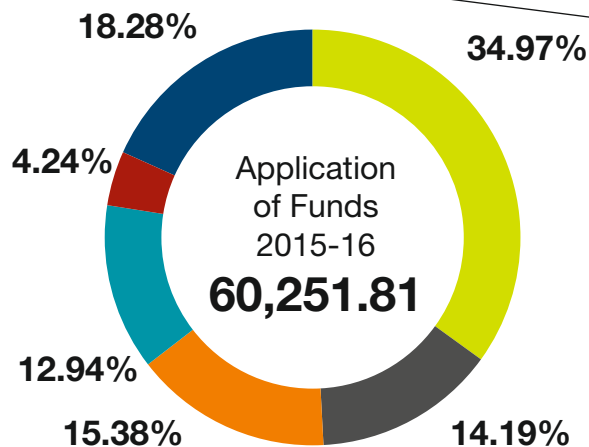
2015-16	5,079.70
2014-15	4,038.06

NET WORTH 13.98%

2015-16	26,181.61
2014-15	22,971.25



Shareholders Fund	25,513.59
Deferred Tax Liability	771.26
Proposed Dividend	668.02
Payable for goods & other liabilities	8,716.72
Money borrowed from banks & others	24,582.22



Fixed Assets	21,072.68
Investment	8,549.04
Inventories	9,267.22
Receivables	7,796.26
Loans & Advances	2,554.32
Cash & Bank Balances	11,012.29



**INDUSTRIAL
YARNS**



**PERFORMANCE
YARNS**



MOULDS



Registered Office:

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

Corporate Office:

**304, Arcadia, Nariman Point,
Mumbai - 400 021
Phone No: + 91-22-2283 4116
Fax No: + 91-22-2285 1728**

Website:

www.sarlafibers.com

Investors services e-mail id:

investors@sarlafibers.com