

Sarla Performance Fibers Ltd.

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CIN : L31909DN1993PLC000056



www.sarlafibers.com

8th September, 2020

SPFL/ 2020-21

BSE Limited

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

**National Stock Exchange of India
Limited**

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

Dear Sir / Madam,

**Sub: Submission of Annual Report for the Financial Year 2019-20 of Sarla
Performance Fibers Limited**

In terms of the provisions of Regulation 30 and Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2019-20 along with Notice convening Twenty Seventh Annual General Meeting of the Members of the Company to be held on Wednesday, 30th September, 2020 at 10.00 AM at the Registered Office of the Company.

The Annual Report for the Financial Year 2019-20 is also available on the Company's website at www.sarlafibers.com.

Kindly take the same on your records.

For Sarla Performance Fibers Limited

Mahendra Sheth
Chief Financial Officer and Company Secretary

Encl.: As above

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

Works 2:
Survey No. 64/2/3/4,61/1,61/2,62/5,63/5,63/7,
Amli Piparia Industrial Estate,
Silvassa-396 230,
U.T. Dadra & Nagar Haveli

Vapi Works:
Shed No. A1/48,
100 Sheds Area,
GIDC, Vapi-396 195
(Gujarat)

Works 3 :
Survey No. 213/P,
Plot No. 11 & 12,
Dadra - 396 191,
U.T. Dadra & Nagar Haveli.



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CORPORATE DETAILS

BOARD OF DIRECTORS

Madhusudan Jhunjhunwala – Chairman & Whole time Director

Krishnakumar Jhunjhunwala – Managing Director

Parantap Dave – Independent Director

Neha Jhunjhunwala – Director

Shreya Desai – Independent Director

Paulo Manuel Ferreira Moura De Castro – Independent Director

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mahendra Sheth

AUDITORS

C N K & Associates LLP, Chartered Accountants, Mumbai.

BANKERS

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

Citibank N.A.

DBS Bank India Ltd.

IndusInd Bank Ltd.

Standard Chartered Bank

Yes Bank Ltd.

P T Bank Maybank Indonesia

REGISTERED OFFICE

Survey No. 59/1/4, 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.
- 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 & Nagra Haveli.
- 3) Plot No. 11 & 12, Survey No 213P, Near Dadra Check Post, Dadra, U.T. of Dadra & Nagar Haveli, 396 195.
- 4) Shed No. A1/48, 100 Sheds Area, GIDC, Vapi – 396 195.

CORPORATE OFFICE

304, Arcadia, 195 Nariman Point, Mumbai – 400 021.

WEBSITE

www.sarlafibers.com

INVESTORS SERVICES E-MAIL ID

investors@sarlafibers.com

REGISTRARS & TRANSFER AGENTS

M/s. Sharex Dynamic (India) Pvt. Ltd.,
C-101, 247 Park, L.B.S. Marg, Vikroli (West), Mumbai 400 083.
Tel : 022-28515644 / 2851560 FAX: 2851 2885
E-mail: sharexindia@vsnl.com
Website: www.sharexindia.com

DELIVERING VALUE OVER A DECADE

Profit & Loss and Balance Sheet	200903	201003	201103	201203	201303*	201403*	201503*	201603*
Equity Paid Up	6.95	6.95	6.95	6.95	6.95	6.95	8.35	8.35
Networth	74.47	89.17	108.24	124.41	142.46	169.15	229.71	225.19
						17%	18%	16%
Capital Employed	113.44	126.10	155.84	189.52	256.72	402.41	488.45	494.35
Gross Block	76.85	90.83	113.11	125.07	153.23	258.07	266.64	207.39
Net Working Capital (Incl. Def. Tax)	60.13	62.82	77.54	97.99	113.86	114.58	202.16	89.25
Net Sales	135.59	155.33	193.02	222.65	258.69	261.82	312.05	297.65
10 year sales CAGR				22%	18%	14%	14%	12%
PBIDT	24.89	29.57	35.95	34.52	47.61	55.61	61.31	72.73
10 year EBIDTA CAGR				25%	20%	13%	13%	14%
PAT	12.72	16.91	22.53	18.92	27.98	27.75	27.93	45.04
10 year net profit CAGR				33%	21%	11%	9%	15%
Book Value (Unit Curr)	10.71	12.83	15.57	17.90	20.50	24.34	27.51	26.97
10 year book value CAGR				-3%	-4%	-4%	-6%	-8%
Market Capitalisation	23.87	61.92	78.54	69.29	100.78	117.63	309.13	527.32
10 year MCAP CAGR				30%	32%	26%	22%	19%
EPS (annualised) (Unit Curr)	18.30	24.34	32.42	27.22	40.25	39.93	37.58	5.39
Dividend (annualised%)	35.00	35.00	45.00	50	60	75	80	1.05
Payout (Rsm)	24.33	24.33	31.28	34.75	41.70	52.13	66.80	87.68
Payout (%)	19.12	14.38	13.88	18.37	14.90	18.79	23.92	19.47
Key Ratios	200903	201003	201103	201203	201303*	201403*	201503*	201603*
Debt-Equity Ratio	0.52	0.42	0.44	0.52	0.80	1.38	1.13	1.20
Long Term Debt-Equity Ratio	0.02	0.05	0.11	0.08	0.31	0.94	0.60	0.73
Current Ratio	1.42	1.55	1.73	1.56	1.53	1.50	1.49	1.69
Turnover Ratios								
Fixed Assets Ratio	1.85	1.85	1.89	1.87	1.86	1.27	1.19	1.26
Inventory Ratio	4.64	5.22	4.41	4.31	4.47	3.37	4.18	3.21
Debtors Ratio	4.92	3.59	3.79	3.7	4.43	3.91	4.16	3.82
Interest Cover Ratio	6.52	10.07	15.43	7.9	8.06	6.50	7.35	8.85
PBIDTM (%)	15.47	16.01	16.09	14.77	18.40	20.54	18.94	24.43
PBITM (%)	11.60	12.43	12.66	11.33	15.22	16.48	14.46	19.24
PBDTM (%)	13.25	14.47	15.10	13.5	16.72	18.01	16.95	22.26
ROCE (%)	18.41	20.47	21.21	15.72	17.47	13.53	10.51	10.11
RONW (%)	18.39	20.67	22.83	16.25	20.96	17.81	14.00	18.33
Debtors Velocity (Days)	100.00	98.00	92.00	99	80	93	88	114
Creditors Velocity (Days)	44.00	49.00	52.00	78	40	67	73	85

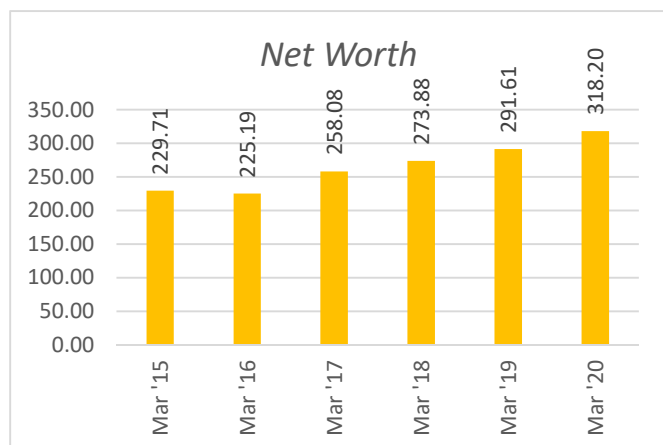
DELIVERING VALUE OVER A DECADE

201703*	201803*	201903*	202003*
8.35	8.35	8.35	8.35
258.08	273.88	291.61	318.20
15%	14%	13%	11%
511.74	479.05	533.3	584.74
263.01	280.59	316.97	352.2
59.54	56.45	41.45	65.19
307.26	302.52	324.3	310.94
10%	8%	8%	5%
80.59	72.80	68.59	67.35
13%	11%	9%	6%
34.30	24.08	25.53	29.11
8%	7%	4%	3%
30.91	32.80	34.92	38.11
-8%	-10%	-11%	-11%
492.67	433.38	211.68	106.47
20%	16%	24%	6%
4.11	2.88	3.04	3.51
1.10	1.10	1.10	0.00
91.85	41.74	41.74	0.00
26.78	17.33	16.35	0.00
201703*	201803*	201903*	202003*
0.98	0.75	0.83	0.84
0.62	0.47	0.54	0.62
1.53	1.67	1.59	1.63
1.31	1.11	1.09	0.93
3.92	3.84	5.49	5.70
3.19	3.72	4.03	3.42
7.47	6.08	4.77	3.98
25.08	23.77	20.06	20.50
18.95	17.19	14.35	13.56
22.84	21.34	18.66	18.26
11.90	6.53	6.30	6.79
13.29	8.79	9.03	9.15
93	95	91	107
87	71	34	30

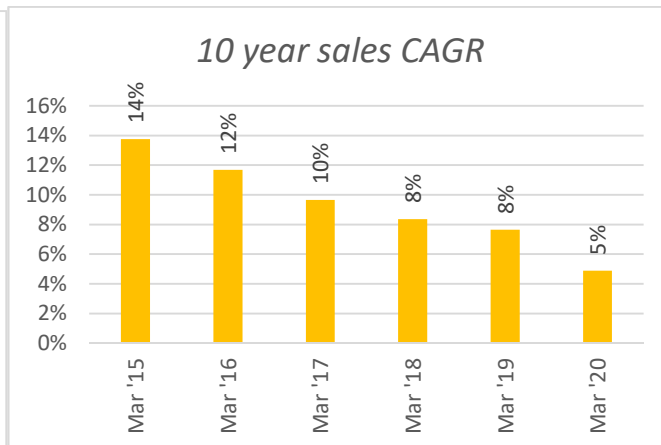
*Consolidated Figure

PERFORMANCE

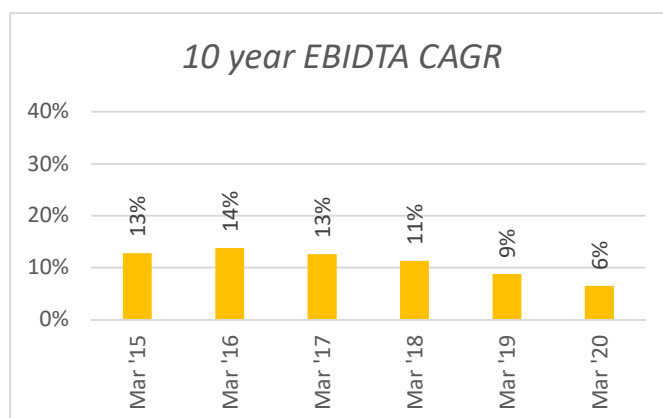
Net Worth



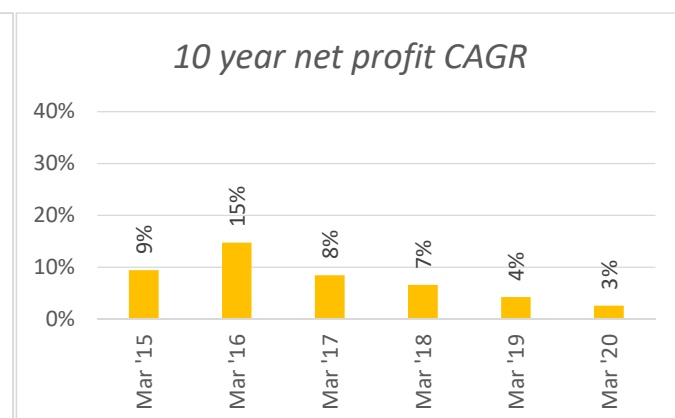
10 Year Sales CAGR



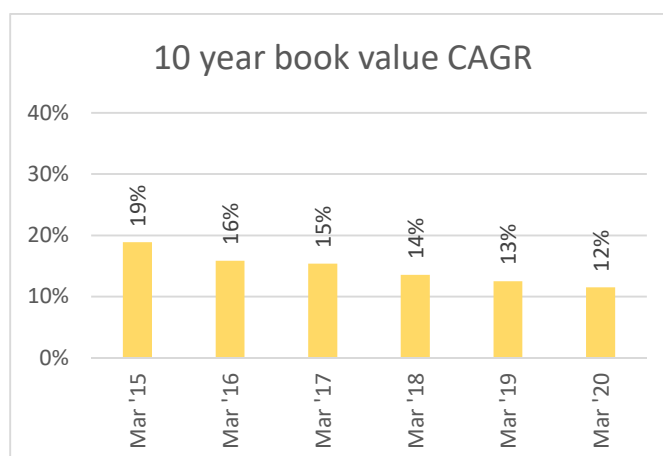
10 Year EBIDTA CAGR



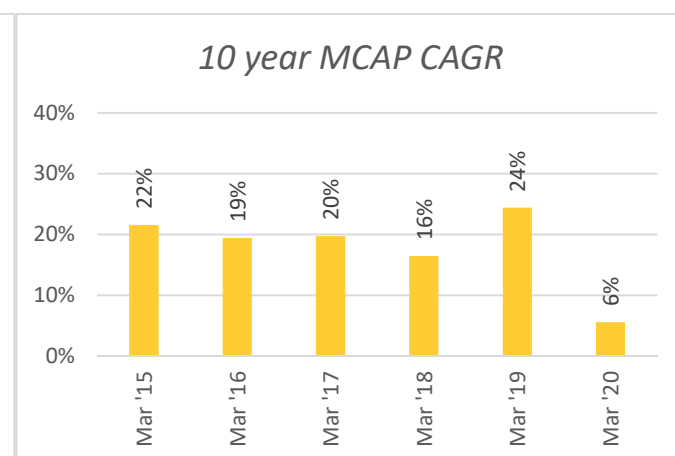
10 Year NET Profit CAGR



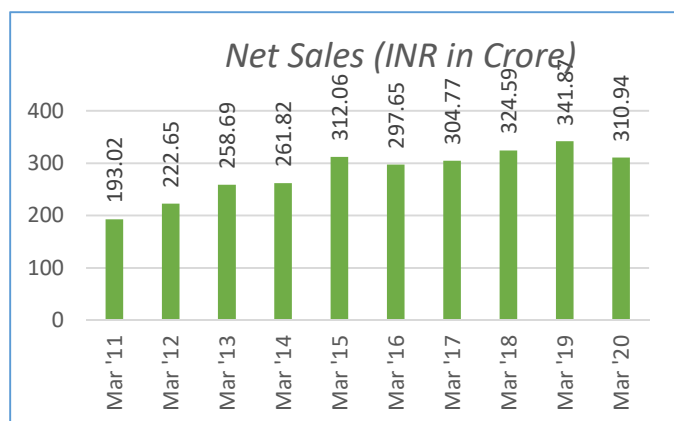
10 Year Book Value CAGR



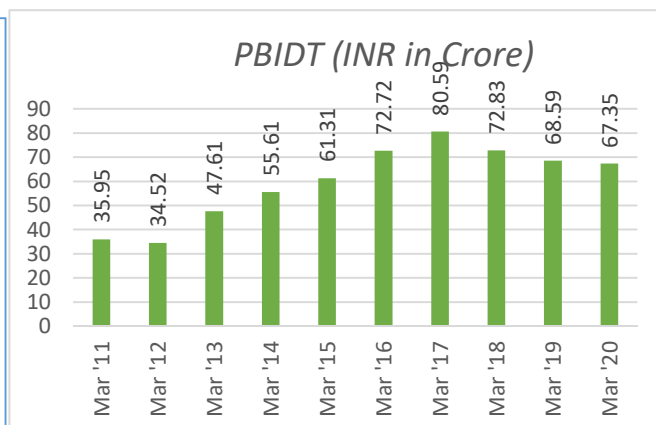
10 Year MCAP CAGR



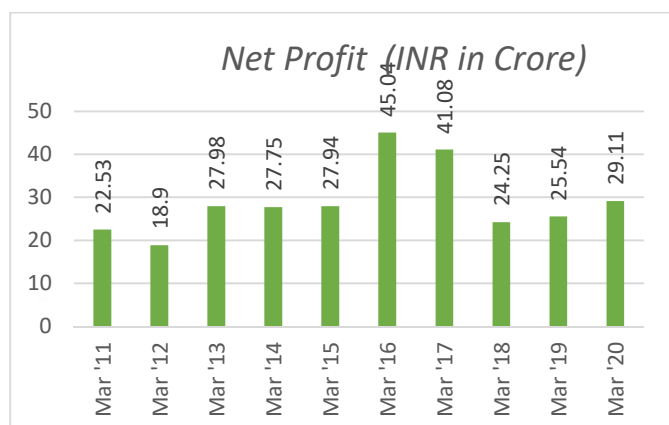
SALES



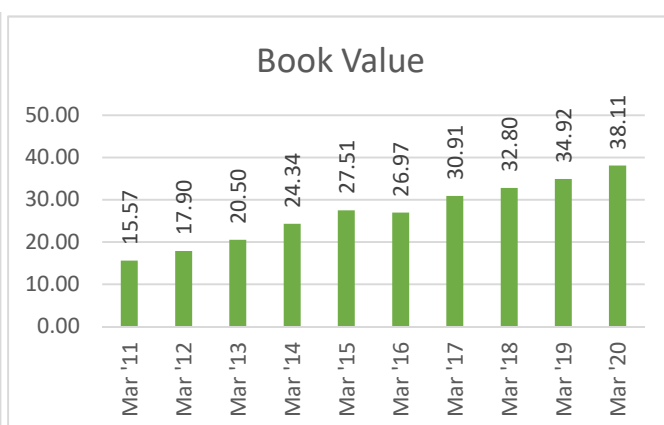
EBIDTA



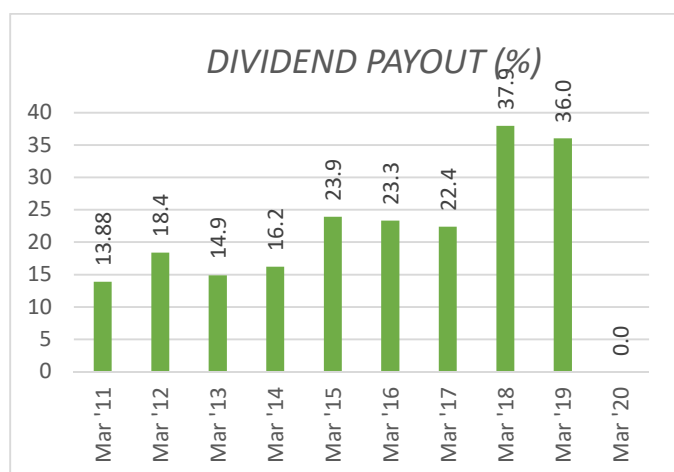
NET PROFIT



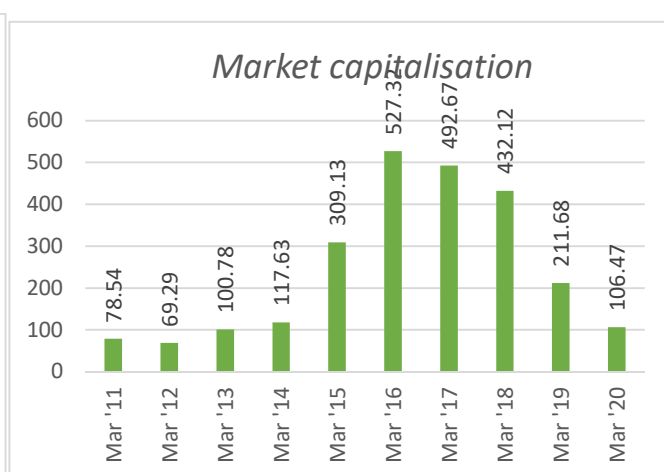
BOOK VALUE



DIVIDEND PAYOUT



MARKET CAP



FROM THE DESK OF MANAGING DIRECTOR

Dear Shareholders

I yet again take this opportunity to share the highlights of the previous year. Though the year 2019-20 faced various headwinds, the focused approach of your Company ensured that the performance remained on-course.

During the Financial year 2019-20 revenue from operations shrunk to 4.12% while EBIDTA was higher by 2.19%. Our net debt to equity ratio has changed from 0.83% to 0.84%.

During Financial Year 2019 - 20, we commissioned High Tenacity twisting at Dadra with a capacity of 10 tons per day. The total cost incurred on this project is INR 17.50 crore and we spent another INR 10 crore on upgradation of plant and machinery and would continue to enhance capability going forward. We expect to incur INR 8 crore to INR 10 crore of capex this year towards Upgradation of Plant and Machinery of our Existing Facility.

The year 2019-20 was a challenging year, for the global economy with rising trade barriers, geopolitical tensions and weakened economic activities. Just when several measures were being introduced to revive the growth, the world was hit by the global COVID-19 pandemic. This led to worldwide lockdowns and complete discontinuation of inter-geography commercial activities. The present situation is complex and fluid. The US and EU nations dominate the larger chunk of textile and apparel imports. India continued being among the top three exporters. With extensive lockdowns across the globe, the consumer spending has taken a major hit, business operations across sectors have paused and exports have declined. This has led to an obvious impact on the textile industry, demand and supply. However, it is estimated that Developed markets will recover faster.

I thank our Employees for their dedication, commitment and contributions which have enabled us to achieve the results. I also thank our customers, vendors, bankers, Central and State Government and all other stakeholders for their undeterred confidence, trust and support. I thank all our colleagues for their guidance during the year.

As I conclude, I would like to place on record appreciation for all the efforts taken by the COVID warriors for bravely fighting this pandemic. I urge everyone to stay safe, take care and continue to follow all precautionary measures.

Regards and Best Wishes

Krishnakumar Jhunjhunwala

MD &CEO

ACHIEVEMENTS

2007

Created Sarla Overseas Holdings Limited (SOHL) at British Virgin Island (a Foreign Company), a wholly owned subsidiary as a separated investment arm for the company.

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

2010

Installed first windmill in Gujarat for 1.25 MW.

2012

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

2014

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

2016

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

2018

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

2020

Commissioned The High Tenacity Twisting project with an installed capacity of 3600 tons per annum at Dadra.

2009

Establish a joint venture in Portugal, Sarla Europe LDA.

2011

Installed windmill in Satara, Maharashtra for 2 MW.

2013

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

2015

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

2017

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

2019

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

Board's Report

Dear Members,

The Board of Directors takes immense pleasure in presenting the 27th (Twenty Seventh) Annual Report on the Audited Financial Statements of Sarla Performance Fibers Limited for the financial year ended 31st March, 2020.

1. Corporate Overview:

Sarla Performance Fibers Limited ("**Your Company/ the Company**") is engaged in the business of Specialty Yarn for the past 26 years and has 2 (two) Manufacturing Plants at Silvassa, UT of Dadra & Nagar Haveli and a Dyeing Plant at Vapi, Gujarat. It also has Wholly Owned Subsidiaries (WOS) at British Virgin Islands (BVI) and United States of America (USA) and the Group's Corporate Office is situated at Mumbai.

2. Financial Summary Highlights

The Company's financial performance for the year ended 31st March, 2020 is summarized below:
(Rs in Lakhs)

Particulars	STANDALONE		CONSOLIDATED	
	2019-20	2018-19	2019-20	2018-19
Sales & Operations	29,832	31,632	31,094	32,430
Add: Other Income	1,804	1,809	1,754	1,756
Total Income	31,636	33,441	32,848	34,186
Total Expenses	25,220	27,033	26,113	27,328
Profit Before Interest, Depreciation & Tax	6,415	6,408	6,735	6,859
Less: Finance Cost	963	727	1,058	807
Less: Depreciation & amortization	1,766	1,448	2,520	2,204
Profit Before Tax	3,686	4,233	3,157	3,847
Less: Provision for Taxation				
- Current	1,031	961	1,046	971
- Deferred	(799)	321	(800)	323
- Earlier Years	-	(0.15)	-	(0.15)
- MAT credit Entitlement	-	-	-	-
Net Profit After Tax	3,454	2,951	2,911	2,553
Net Comprehensive Income for the Year	3,469	2,942	3,038	2,355
Balance brought forward	18,372	15,851	15,542	13,428
Profit for the Year	3,454	2,951	2,932	2,536
Re measurement of Net defined benefit plans (net of tax)	15	(9)	15	(9)
Dividend Paid during the year	417	420	413	412

3. **Business Performance:**

Operations:

During the financial year under review, the sales of the Company on standalone basis were INR. 29,832 Lakhs as against INR. 31,632 Lakhs in the financial year 2018-19 witnessing a decreasing of 5.69%. The FOB value of exports stood at INR. 18,068 Lakhs compared to INR. 18,385 Lakhs in 2018-19.

The Consolidated Sales and Operation of the Company for the financial year 2019-20 were INR. 31,094 Lakhs as against INR. 32,430 Lakhs in the previous year i.e. 2018-19. Registering a negative growth of 4.12%.

Profitability:

The profit before Depreciation, Interest & Tax was INR. 6,416 Lakhs as compared to INR. 6,408 Lakhs in the previous year, after providing for depreciation of INR. 1,767 Lakhs (Previous Year INR. 1,448 Lakhs) & provision for taxation of INR. 1,031 Lakhs (Previous Year INR. 961 Lakhs), there was a net profit of INR. 3,454 Lakhs as compared to INR. 2,951 Lakhs in the Previous Year.

There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report other than the impact of COVID-19 on the domestic and international business operations of the Company detailed in this Report as well as Notes to the Financial Statements of the Company.

A. **Business & Economic Overview:**

Global Economy:

Although slowdown in the manufacturing sector and trade tensions between the US and China were among the many factors that softened the economic outlook for 2019, the year did begin on a firm footing. The projected global economic growth, albeit downgraded, was 2.9%. Despite the economic

and financial headwinds, growth in developing Asia was projected to remain a robust 5.5% during 2019 (Asian Development Outlook, Update, September, 2019). However, in 2019-20, the Indian economy grew by 4.2% against 6.1% expansion in 2018-19 whereas China's growth was 6.1% in 2019 vs. 6.7% in 2018. Growth among advanced economies was forecast to drop to 2% during the year although growth in Sub-Saharan Africa was projected to accelerate to 3.1% (Source: World Economic Outlook, International Monetary Fund). However, due to the COVID-19 pandemic, the International Monetary Fund has projected a sharp contraction of the global economy to a status much worse than what resulted from the 2008-09 financial crisis.

India Economy:

India continues to be one of the fastest growing emerging economies in the world. A slowdown in the manufacturing and construction sector has lately affected GDP growth - slightly below 5% in the current fiscal. An impending revival in demand, positive consumption pattern and rising disposable income, makes India the most sought after investment destinations. Already the fifth largest economy in the world, India is supposed to take its place among the world's top three economic powers in the next 10-15 years. The pandemic has undoubtedly affected India, but with the right economic stimulus and the gradual opening up of the lockdown the situation can be expected to improve. Interstate movement of goods is gradually picking up and retail financial transactions are showing a healthy trend.

India's Textile Industry:

India's textiles industry goes back several centuries and is among the oldest industries in the country. It accounts for 14% of the industry output and is one of the largest contributors to the economy, accounting for 2% of the GDP. After agriculture, it is the second largest generator of income, employing close to 45 million people, and contributing 10% to the country's

manufacturing, owing to its labour intensive nature. The industry is vertically integrated with almost all sub-sectors and is thus integral to the economy.

India is the second largest producer and exporter of textiles after China and fourth largest producer and exporter of apparel after China, Bangladesh and Vietnam. The textiles and apparel industry constitutes 11% of the total exports of the country.

However, one factor affecting India's textile trade is currency fluctuation that remains a challenge for the industry. Exports have been a core feature of India's textile sector. Indian textiles and apparel exports were estimated at \$35.5 billion in 2019 and is expected to grow at a CAGR of 11% over the next decade to reach \$100 billion by 2029. Exports of both man-made textile and readymade garments have seen a major boost.

A major factor behind the robustness of India's textile industry is its strong production base with a wide range of fibres and yarns. India is among the top producers of jute and silk, and beyond its natural fibres such as cotton, jute, silk and wool; and synthetic, its manmade fibres such as polyester, viscose, nylon and acrylic have also created a niche for themselves in the market.

Business Overview:

Indian Operations:

The Company exports to 40 countries and is a leading exporter of Regular as well as High Tenacity Polyester and Nylon Yarns. It started operations 26 years ago as a commodity manufacturer of Man-Made Fiber but has transformed itself into a high value-added yarn maker in the past decade. It has an installed capacity of 11,900 tons per annum

for manufacturing yarns & 20 Tons per day Nylon POY in Silvassa and 3200 tons per annum for a Dyeing unit at Vapi.

This product will be used as Import Substitute and will ensure continuous supply of Partially Oriented Yarn (POY) for further process. The Company's emphasis this year will be to focus on niche end user applications in India, higher value-added yarns to leading global apparel brands and companies.

SPFL also owns Wind Power Capacity of 14.75 MW in totality, located in different states i.e. 6 MW is in the state of Maharashtra, 5.75 MW in the state of Gujarat and 3 MW in the state of Madhya Pradesh. Our plant load factor for the fiscal year 2020 was about 20-21%.

Overseas Operations

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

Customer Segments and Growth:

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

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

Turnover Break Up (Customer Segment-wise)

Segment	FY 2019-20 (% of Total Sales)	FY 2018-19 (% of Total Sales)
Innerwear, Narrow Fabrics, Hosiery and Sportswear	41.67	40.30
Threads	30.21	31.50
Industrial Yarns	17.65	15.35
Regular Yarns	10.47	12.85
	100.00	100.00

Turnover Break Up (Geographical)

Regions	FY 2019-20 (% of Total Sales)	FY 2018-19 (% of Total Sales)
South, North & Central America	23.82	22.45
Middle East & Europe	40.30	39.71
Africa	02.68	02.67
Asia Pacific	33.20	35.17
	100.00	100.00

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

B. Opportunities and Threats:

The Indian textiles industry is among the oldest in the country. It is projected to reach USD 230 billion by 2020 from around USD 120 billion. Currently, the domestic textiles industry contributes 10% to the manufacturing output of the country, generates about 2% to its GDP and employs more than 45 million people. Importantly, the sector contributes 11% to the export earnings of India

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

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

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

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

C. Outlook:

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

D. Financial Performance:

(INR. in Lakhs)

Item	2019-20	2018-19	% increase/ decrease
Raw Material Cost & Purchase of Stock in trade	13864	17346	-20.07%
Employee Benefit and Other Expenditure	11336	9665	17.29%
EBIDTA	6416	6408	0.12%
Finance Cost	963	727	32.46%
Fixed Assets (Gross Block)	27543	24626	22.96%
Net Current Assets	8707	6422	35.58%
Working Capital Finance	6869	8452	-18.72%
Cash & Bank Balances	6825	4973	37.24%

(Note: standalone performance comparison, Rupees in Lakhs)

Raw Material Cost:

The Raw Material prices decreased in the year 2019-20 due to decrease in the price of Partially Oriented Yarn (POY) and Chips. The Major reason for decrease in prices of Raw Material is decrease in price of Crude oil.

Interest Cost:

The interest cost increased mainly due to increase in USD/EURO viz. an INR exchange rate.

Fixed Assets:

The increase in fixed assets of INR. 2,917 Lakhs is due to Setup of new plant at Dadra and Expansion and up gradation of existing Plant & Machinery.

Net Current Assets and Cash & Cash Equivalents:

The Increase in Net Current assets is due to Increase in Debtors and increase in Fixed Deposits with banks.

sources we have multiple suppliers. In 2019-20, the price of our major RM POY ranged between INR. 55 to 174 per kg and that of Nylon yarn ranged between INR. 80 to 265 per kg.

Interest Rates:

The Company's average gross interest cost in the 2019-20 increased by 0.80%. The Company's present Debt Equity Ratio is 0.84. The long-term Debt equity Ratio is 0.33. Interest costs are 3.23% of total revenue.

Exchange Rate:

62% per cent of Company's revenue is in foreign currency (Dollar, Euro & GBP) and balance is in INR. Also, we import 20% per cent of turnover (88% 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 Financial year 2020, our average forward cover was for 3 months of our revenue.

Inflation:

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

E. Risk and Concerns:**Raw material sourcing:**

We source 54% of our RM requirements (mainly POY) from India and 46 % from imports (Nylon chips/fiber). For our RM

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 human resources have always been of supreme importance at SPFL as they are the growth-drivers and the mainstay of the organization. The prominence on the people of the organisation stems from the belief that they are the authors of the Company's success story. Integral to the Company's approach, human resource development is its distinctive strategy. The strategy ensures developing and nurturing a team of competent, passionate and inspiring leaders who would turn to be the scribes of a promising future's slate. Thus, building a future-ready organisation through

the true to type learning, innovation and world-class execution.

The Company believes that the alignment of all employees to a shared vision and purpose is crucial for succeeding in the marketplace. Further, it recognises the mutuality of interests with key stakeholders and is committed to building harmonious employee relations.

SPFL is confident that its employees will relentlessly strive to meet the growth agenda, deliver world-class performance and innovate newer things. They will thus uphold human dignity, foster team spirit and discharge their role as 'trustees' of all stakeholders with true faith and allegiance.

H. Capital Expansion and Investment:

In 2019-20, we incurred a CAPEX of INR. 2917.00 Lakhs towards High Tenacity Twisting plant at Dadra New and Expansion and upgradation of Plant & Machinery at Silvassa. For Financial Year 2020-21 we envisage amount of CAPEX to the tune of about 1000 Lakhs.

I. Value Added Statement:

(INR. in Lakhs)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Income from Production / Operations	29832	31632	27647	25954.04	24871.70
Add: Other Income	1804	1809	2585	2026.98	2181.88
Corporate Output	31636	33441	30232	27981.02	27053.58
Less: Cost of Raw Materials Consumed	13864	17346	13751	10852.68	11095.02
Less: Cost of Traded Goods	-	-	-	57.07	1159.90
Less: Other Manufacturing Expenses	6889	6119	5435	5964.82	4847.21
Less: Administrative & Other Expenses	3120	2395	2171	2022.55	1922.64
Equals Gross Value Added	7763	7557	8875	9083.90	8028.81
Less: Depreciation & Amortization	1767	1448	1317	1243.55	1014.40
Less: Extra Ordinary / Prior Period Items	-	-	-	-	-
Equals Net Value Added	5996	6109	7558	7840.35	7014.41
Allocation of Net Value Added					

To Personnel	1346	1150	1008	921.73	831.10
To Taxes (including tax on proposed div.)	232	1281	1905	1666.99	1587.87
To Creditors (via interest)	963	727	618	579.11	508.07
To Investors (via dividend)	417	420	919	918.53	876.78
To the Company (via retained earnings)	3038	2531.	3108	3753.99	3210.60
	5996	6109	7558	7840.35	7014.41

4. Impact of Global Crisis : COVID -19:

In March 2020, the World Health Organisation (WHO) declared COVID-19 a global pandemic. Consequent to this, Government of India declared nation-wide lockdown on March 24, 2020, which has impacted normal business operations of the Company. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial results, to determine the impact on the Company's revenue from operations for foreseeable future and the recoverability and carrying value of certain assets such as property, plant and equipment, investments, inventories, trade receivables and MAT credit. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates use to prepare Company's financial results, which may from that considered as at the date of approval of the financials results. As the situation is unprecedented, while the lockdown is gradually lifting, the Company is closely monitoring the situation as it evolves in the future. The Company has resumed its business activities by reopening of its factories and office, in line with guideline issued by the Government authorities, initiating pre-monsoon preparedness activities. The Company does not anticipate any challenges in its ability to Continue as going concern or meeting its financial obligations.

5. Dividend:

In order to conserve the resources of the Company by taking into account the prevailing economic situation and the need of resources for growth, the Board of Directors of the Company have decided not to recommend any dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2020.

Your Company continues with its task to build businesses with long-term goals based on its intrinsic strengths in terms of its quality manufacturing prowess, distribution strengths and customer relationships. To accelerate further value creation, your Company continues to evaluate new areas of growth. The initiatives aimed at rationalising and streamlining operations, to bring about efficiencies and reducing costs remain top priority.

6. Amount, if any, proposed to transfer to reserves

The Company has made no transfer to reserves during Financial Year 2019-20.

7. Share Capital:

The paid-up Equity Share Capital as on 31st March, 2020 is INR. 8,35,03,000. During the year under review, the Company has not issued shares on rights basis, Equity Shares with differential voting rights nor granted any stock options or sweat equity or warrants or bonus shares. As on 31st March, 2020 none of

the Directors of the Company held instruments convertible into equity shares of the Company.

the audited consolidated financial statement is provided in the Annual Report.

8. Deposits:

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

9. Credit Rating:

Acuite Ratings and Research Ltd (Formerly Known as SMERA Ratings Limited) have reaffirmed the Company's long-term borrowings rating to 'SMERA A' and reaffirmed the short-term borrowing rating as 'SMERA A1' for the financial year 2019-20.

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

10. Management Discussion & Analysis:

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

11. Consolidated Financial Statement:

In accordance with the provisions of the Companies Act, 2013 ("the Act") and Ind AS 110 - Consolidated Financial Statement read with Ind AS - 28 Investments in Associates and Ind AS 31 - Interests in Joint Ventures,

12. Subsidiaries, Joint Ventures and Associate Companies:

The Company does not have any Indian Company as Subsidiary. There are two wholly owned overseas subsidiaries viz. Sarla Overseas Holdings Ltd (BVI) and Sarlaflex Inc. (USA) and one Step down subsidiary viz. Sarla Europe (LDA) as on 31st March, 2020 which is a subsidiary of Sarla Overseas Holdings Ltd (BVI). There has been no material change in the nature of the business of the subsidiaries. The Policy for determining material subsidiaries as approved may be accessed on the Company's website at www.sarlafibers.com.

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

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

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

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

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

(INR. In Lakhs)

Name of the Subsidiary	Sarla Overseas Holdings Ltd (SOHL)	Sarlaflex Inc.	Sarla Europe LDA (Subsidiary of SOHL)
Reporting period for the subsidiary	April to March	April to March	April to March
Reporting Currency	USD	USD	EURO
Conversion Rate	75.39	75.39	83.05
Number of Shares	435000	989000	3000
Share Capital	196.99	596.50	3.17
Reserve and Surplus	5945	-9297	-39
Total Assets	8713	16070	248
Total Liabilities (including reserves)	2571	16946	284
Investments	0	6879	0
Turnover	3610	6	281
Profit before Taxation	521	-588	-47
Provision for Taxation	0	0	15
Profit after Taxation	521	-588	-62
Proposed Dividend	0	0	0
% of shareholding	100%	100%	60%
Country	British Virgin Island	United States of America	Portugal

13. Secretarial Standards:

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

14. Directors' Responsibility Statement:

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

- 1) that in the preparation of annual accounts for the year ended 31st March, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures for the same;
- 2) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give

a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit and loss of the Company for that year;

- 3) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) that the Directors had prepared the annual accounts on a 'going concern' basis
- 5) that the Directors had laid down internal financial controls and such internal financial controls are adequate and operating effectively, and
- 6) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

15. Corporate Governance:

As per the regulation 34(3) read with the Schedule V 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 Practising Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the report of Corporate Governance.

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

In order to comply with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated and implemented a policy on prevention, prohibition and redressal of complaints related to sexual harassment of women at the workplace. All women employees whether permanent, temporary or contractual are covered under the above policy. The said policy has been uploaded on the internal portal of the Company for information of all employees. An Internal Complaint Committee (ICC) has been set up in compliance with the said Act. During the year under review, no complaints were reported to the Board.

17. Internal Financial Control Systems, their Adequacy and Risk Management:

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

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

18. Risk Management:

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

19. Directors:

Mr. Paulo Manuel Ferreira Moura De Castro was appointed as an Independent Director of a Company which effect from 23 May, 2019. There after he was confirmed as director and appointed as independent Director of the company in the previous Annual General Meeting of the members held on 27th September, 2019.

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

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

20. Board Meetings:

During the financial year 2019-20, 4 (Four) Board Meetings were held and the gap between two Board Meetings did not exceed 120 days. The details of the attendance of Directors at the Board Meetings are

mentioned in the report on Corporate Governance annexed hereto.

21. Annual evaluation of Board, its Committees and individual Directors:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 and 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee, CSR Committee, Nomination & Remuneration Committee, Risk Management Committee and Stakeholder Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

22. Particulars of contracts or arrangements with Related Party Transactions:

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

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

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

Members may refer to Note No. 43 to the Standalone Financial Statement which sets out related party disclosures pursuant to Ind AS.

23. 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.

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

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

25. Corporate Social Responsibility:

In accordance with the provisions of Section 135 of the Act and Rules framed there under, the Company has a Corporate Social Responsibility ("CSR") Committee of Directors comprising of Mr. Madhusudan Jhunjhunwala, Chairman; Mr. Parantap Dave, Member and Mrs. Shreya Desai, Member.

The CSR Committee had met on 09th November, 2019. As required under Section 135 of the Companies Act, 2013, during the year, the Company undertook CSR initiatives which is mainly focused on promoting education, health and public hygiene. In this connection, the Company during the year under consideration spent an amount of INR. 65 Lakhs as against an amount of INR. 88.43 Lakhs required to be spent. A detailed list of the CSR expenditure made is annexed herewith as 'Annexure B'. The shortfall is mainly due to the fact that some of the projects sanctioned are taking time for completion and hence entire amount on those Projects has not been spent.

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

26. Auditors and Auditors' Report

Statutory Auditors:

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

In terms of the Companies (Amendment) Act, 2017 and vide notification no S.O.1833(E) dated 07th May, 2018, the Ministry of Corporate affairs have done away with the requirement of ratification of the appointment of auditors, at each subsequent annual general meeting, by deleting the 1st Proviso to the sub-section (1) of Section 139 of the Companies act, 2013. Accordingly, the same is now not required to be put up to the members for ratification.

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

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

- 1) Auditor in their report on Financial statements have modified their opinion in respect of the Company has an exposure to its Wholly Owned Subsidiary 'Sarlaflex, Inc.' of 8,670 lakhs towards investments in equity, preference shares and unsecured loans. The Company also has indirect exposure in Sarlaflex, Inc. by way of unsecured loans amounting to

INR. 6,739 lakhs through its wholly owned subsidiary, Sarla Overseas Holdings Limited (SOHL). Sarlaflex, Inc. has suspended manufacturing operations since December, 2017 and has a negative net worth as on 31st March, 2020. These conditions raise substantial doubt about its ability to continue as a going concern.

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

- 2) Sarlaflex, Inc., the wholly owned subsidiary having total assets of INR. 16,070 lakhs has suspended manufacturing operations since December, 2017 and has a negative net worth as on 31st March, 2020. These conditions raise substantial doubt about its ability to continue as a going concern.

In the absence of any impairment testing by management for these assets during the year, we are unable to comment on the impact, if any, on the consolidated financial results.

Board's Reply to Statutory Auditors' Modified Opinion:

The auditors have in their report on the standalone and consolidated results, modified their opinion in respect of not testing for impairment of investments/assets of the company's Wholly owned Subsidiary Sarlaflex, Inc. The management is exploring all the options to resolve the matter and hopeful in coming months the decision would be made.

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

There have been no instances of fraud reported by abovementioned Auditors under Section 143(12) of the Act and Rules framed

thereunder either to the Company or to the Central Government during Financial Year 2019-20.

Cost Auditor:

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with Rule 4 of the Companies (Cost Records and Audit) Rules, 2014 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations by the Audit Committee in that behalf, M/s. B.F. Modi & Associates, Cost Accountants, (Membership Number: 6955), Vapi, was appointed as Cost Auditors of the Company for carrying out the Audit of Cost Records of Company maintained for the financial year from 1st April, 2019 to 31st March, 2020. They would be required to submit the reports by 27th September, 2020.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. B.F. Modi & Associates, Cost Auditors for Financial Year 2019-2020 is included at Item No. 3 of the Notice convening the Annual General Meeting.

As per requirements of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records and accordingly, such accounts are made and records has been maintained in respect of the applicable products for the year ended 31.03.2020.

Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Ajit Sathe-Proprietor of M/s. A. Y. Sathe & Co. Company Secretaries in Practice (Registration

No.: FCS2899/ COP 738) to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2020. The Secretarial Audit Report is annexed herewith as "Annexure C".

The Secretarial Auditor has made following qualifications / adverse remarks:

A) Under Companies Act, 2013:

- 1) As on 31st March 2020, the Company had not filed Form IEPF - 4 in connection with transfer of unpaid/ unclaimed dividend and shares pertaining to the financial year 2011-12. In connection with such transfer, the newspaper advertisement was given on 11th September, 2019 instead of on or before 19th August, 2019.

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

- 1) For the half year ended 31/03/2019, the statement of related party transaction was submitted to Stock exchanges on 02/08/2019; which is not within 30 days from the date of publication of financial results on 23/05/2019. For the half year ended on 30/09/2019, the Company has not submitted any statement of Related Party Transactions. No disclosures hosted on Website of the Company pertaining to this.
- 2) There has been delay of 1 hour and 25 minutes in submission of Intimations to BSE and NSE regarding approval of the unaudited financial results for the quarter ended June 2019 for which board meeting was held on 13.08.2019. There has been delay of 16 minutes and 26 minutes respectively in submission of Intimations to BSE and NSE regarding approval of the unaudited financial results for the quarter ended December 2019 for which board meeting was held on 04.02.2020.

- 3) The Trading restrictions period for adoption of unaudited results for the quarter ended 31.03.2019, 30.06.2019, 30.09.2019 and 31.12.2019 did not commence from 1st day of each of the next relevant quarter but commenced from 15.05.2019, 01.08.2019, 30.10.2019 and 20.01.2020 resulting in delays but the closing of the trading period was as per the regulations

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

A) Under the Companies Act, 2013:

- 1) The Company has deposited the unclaimed dividend amount for the financial year ended 2011-12 to IEPF Authority within prescribed time. However, procedure for transfer of shares for the said unclaimed dividend amount is pending from Registrar & Share Transfer Agent of the Company. Once, procedure is completed from R & TA, Form IEPF-4 will be filed.

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

- 1) Through inadvertence, there was delay in submission of statement of related party transactions for the half year ended 31st March, 2019 and non-submission of the said statement for the half year ended 30th September, 2019. Due care will be taken in future in filing these statements within prescribed time including timely updation on the website of the Company.
- 2) These delays were on account of non - receipt of signed copy of Limited Review Reports for the quarter ended 30th June, 2019 and 31st December, 2019 from the Statutory Auditors of the Company within time. As the signed reports received, the Company had immediately submitted necessary intimations to both Stock Exchanges.

- 3) Inadvertently there were delays in giving intimations for trading restriction period to the Stock Exchanges. The due care will be taken in future to avoid such delays.

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

27. Audit Committee:

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

28. Corporate Social Responsibility (CSR) Committee:

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

29. Vigil Mechanism:

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

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

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

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

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

The disclosures required pursuant to Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is provided in "Annexure-F" to this report. During the year under review, the Company does not have any employee who is drawing a remuneration of '10,200,000 per annum or 8,50,000 per month' as stipulated in the Act and the rules made thereunder. Hence, disclosures required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have not been provided. The Managing Director of the Company did not receive any remuneration or commission from any of the Company's subsidiaries. Hence, disclosure pursuant to Section 197(14) of the Act is not applicable to the Company.:

32. Extract of the Annual Return:

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

33. Particulars of Employees and related Disclosures:

1. The Ratio of the remuneration paid to each director to the median remuneration of the employees of the Company for the financial year 2019-20:

Name of Director	Remuneration paid	Median remuneration	Ratio
Mr. Madhusudan Jhunjunwala (Chairman, Whole-time Director)	1,38,00,000	1,78,800	77.18x
Mr. Krishnakumar Jhunjunwala (Managing Director)	1,38,00,000	1,78,800	77.18x

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

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2019-20:

Name of Director/ Key Managerial Personnel	Remuneration paid	Percentage Increase/ Decrease in current financial year
Mr. Madhusudan Jhunjunwala (Chairman, Whole-time Director)	1,38,00,000	NIL
Mr. Krishnakumar Jhunjunwala (Managing Director)	1,38,00,000	NIL
Mr. MahendraSheth (Chief Financial Officer& Company Secretary)	49,20,800	-6.63%

3. The percentage increase in the median remuneration of employees in the financial year: **05-10%**
4. The number of permanent employees on the rolls of company: **277**
5. Average percentage increase in salaries of non-managerial employees was 05-10% as compared to average percentage increase in managerial remuneration which was 7 - 10%
6. The Board affirms that the remuneration paid is as per the Remuneration Policy of the Company.

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

Place: Mumbai
Date: 24th July, 2020

34. Acknowledgement:

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

35. Cautionary Statement:

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

For and on behalf of the Board of Directors

Madhusudan S. Jhunjunwala
Chairman and Whole Time Director
(DIN: 00097254)

Annexure A

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of The Companies (Accounts) Rules, 2014)

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

length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis – **No Such transactions**
2. Details of material contracts or arrangement or transactions at arm's length basis:

Name of Related Party	Nature of Relationship	Nature of contracts/ arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of contracts / arrangement s / transactions	Date of approval by the Board, if any:	Amount paid as advances, if any	Amount (INR. In Lakhs)
Sarla Overse as Holdings Ltd, BVI	Wholly Owned Subsidiary	Sale of Goods	Ongoing	Arm's Length basis	23 rd May, 2019	NIL	2,444
Sarlaflex Inc, USA	Wholly Owned Subsidiary	Sale of Goods	Ongoing	Arm's Length basis	23 rd May, 2019	NIL	NIL
Sarla Europe LDA, Portugal	Step Down Subsidiary	Payment of commission	Ongoing	Arm's Length basis	23 rd May, 2019	NIL	192

For and on behalf of the Board of Directors

Place: Mumbai
Date: 24th, July, 2020

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

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.

➤ Ms. Shreya Desai

Average net profit of the Company for last three financial years:

INR. 4,417 Lakhs

CSR Policy is stated herein below:

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

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

INR. 88.34 Lakhs

Composition of the CSR Committee:

- Mr. Madhusudan Jhunjhunwala (Chairman),
- Mr. Parantap Dave, &

Details of CSR spend for the financial year:

A Total amount spent for the financial year:

INR. 65 Lakhs

B Amount unspent, if any: INR. 23.34 Lakh

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

(Rs in Lakhs)

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered (Clause No. of Schedule VII of the Act as amended)	Project or Programme 1. Local Area or other 2. Specify the state and district where project or programme was undertaken	Amount Outlay (Budget) Project or programme wise	Amount Spent on Projects or programmes Subheads: 1. Direct Expenditure on Projects or Programme 2. Overheads	Cumulative Expenditure upto the reporting period	Amount Spent (Direct or through implementing Agency)
1	Donation to Various Trusts	Health	Maharashtra	INR. 132.10	INR. 15.00	INR. 15.00	Directly
2	Healthcare to the Local community including preventive Healthcare/ nutrition/ sanitation and improving the infrastructure	Health	Maharashtra		INR. 50.00	INR. 50.00	Directly
Total					INR. 65.00	INR. 65.00	

The Company was required to contribute an amount of INR. 88.34 Lakhs towards CSR during the financial year. However, the

Company has made CSR contribution only for an amount of INR. 65 Lakhs and INR. 23.34 Lakhs has not been spent in the financial

year. The CSR Committee have identified the areas for CSR Contribution, as the Project is under process the amounts are disbursed as and when required.

Responsibility Statement:

A responsibility statement of CSR Committee that the implementation and monitoring of

CSR Policy, is in compliance with CSR Objectives and Policy of the Company

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

For and on behalf of the Board of Directors

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai

Date: 24th July, 2020

Annexure C

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that, in my opinion,

the Company has, during the audit period covering the financial year ended on **31st March, 2020 ('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, 2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and By-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) **The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):**
- (vi) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (vii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- (viii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);**
- (ix) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999) which is now The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & The Securities and Exchange Board of India (Share Based Employee Benefits) (Amendment) Regulations, 2015 **(Not Applicable to the Company during the Audit Period);**
 - b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period);**
 - c) 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;
 - d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);** and
 - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable**

to the Company during the Audit Period);

- (x) In respect of other laws specifically applicable to the Company, I am informed that there are no other specifically applicable laws to the Company.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board Meetings (SS-1) and General Meetings (SS-2).

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

A) Under Companies Act, 2013:

1. As on 31st March 2020, the Company had not filed Form IEPF - 4 in connection with transfer of unpaid/ unclaimed dividend and shares pertaining to the financial year 2011-12. In connection with such transfer, the newspaper advertisement was given on 11th September, 2019 instead of on or before 19th August, 2019.

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

- 1) For the half year ended 31/03/2019, the statement of Related party transaction was submitted to Stock exchanges on 02/08/2019; which is not within 30 days from the date of publication of financial results on 23/05/2019. For the half year ended on 30/09/2019, the Company has not submitted any statement of Related

Party Transactions. No disclosures hosted on Website of the Company pertaining to this.

- 2) There has been delay of 1 hour and 25 minutes in submission of Intimations to BSE and NSE regarding approval of the unaudited financial results for the quarter ended June 2019 for which board meeting was held on 13.08.2019. There has been delay of 16 minutes and 26 minutes respectively in submission of Intimations to BSE and NSE regarding approval of the unaudited financial results for the quarter ended December 2019 for which board meeting was held on 04.02.2020.
- 3) The Trading restrictions period for adoption of unaudited results for the quarter ended 31.03.2019, 30.06.2019, 30.09.2019 and 31.12.2019 did not commence from 1st day of each of the next relevant quarter but commenced from 15.05.2019, 01.08.2019, 30.10.2019 and 20.01.2020 resulting in delays but the closing of the trading period was as per the regulations.

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

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors

and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

- i. Public/ Right/ Preferential issue of shares/ debentures/ sweat equity etc.
- ii. Redemption/ buy-back of securities
- iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013;
- iv. Merger/ amalgamation/ reconstruction etc.
- v. Foreign technical collaborations.

For A.Y. Sathe & Co.
Company Secretaries

CS Ajit Sathe
(Proprietor)

Place: Mumbai
Date: 24th July, 2020

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

Annexure – I

To,
The Members,
Sarla Performance Fibers Limited,
(CIN: L31909DN1993PLC000056)
Survey No. 59/1/4, Amli Piparia Industrial
Estate,
Silvassa – 396230 U.T. of Dadra & Nagar
Haveli

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes

and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For A.Y. Sathe & Co
Company Secretaries

Place: Mumbai
Date: 24th July, 2020

CS Ajit Sathe
(Proprietor)

Annexure D

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

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

(a) Steps taken or impact of conservation of energy during 2019-20: In line with Companies Commitment towards conservation of energy, all units have made continuous efforts aimed at improving energy efficiency through improved operational and maintenance practices. The Company have taken following steps during the year under review:

- Replacement of inefficient motor with energy efficient motors

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

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

(c) The Capital investment on energy conservation equipment's during the year is about INR. 1.00 Cr.

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

1.	Specific areas in which R & D is Carried out by the company	New Product Development, process Development and optimising process parameters.
2.	Benefits derived as a result of the above	Introduction of several new types of Polyester and Nylon Yarns.
3.	Future Plan of Action	To meet the increasing requirement of customers around the world and development of new products.
	Expenditure on R & D. a) Capital b) Recurring c) Total	All machineries are dedicated for operational as well as R & D activities hence no separate accounts are maintained and as such expenditure on R & D is not separately ascertainable.
	d) Total R & D expenditure as percentage of total Turnover.	N. A.
4	Technology absorption, adoption and innovation. 1. Efforts in brief, made towards Technology absorption, adoption and innovation products	Continuous efforts towards improvement of process equipment and are made out to suit market requirements and to achieve optimum operational efficiency.

	2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, development, import substitution etc.	Introduction of several new products
	3. In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.	Not applicable
	a) Technology Imported b) Year of Import c) Has Technology been fully absorbed? d) If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action.	Not applicable

and a good beginning has been made towards this.

FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to exports:

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

(b) Total foreign exchange expended and earned

Sr. No.	Particular	Current Year (INR. Lakhs)	Previous Year (INR. Lakhs)
1.	Total foreign exchange earned (FOB)	18068	18386
2	Total foreign exchange used	5872	9209

For and on Behalf of Board and Directors

Place: Mumbai
Date: 24th July, 2020

Madhusudan Jhunjunwala
Chairman and Whole Time Director
(DIN: 00097254)

Annexure E

Extract of Annual Return

As on the financial year ended on 31st March, 2020

{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

1. REGISTRATION AND OTHER DETAILS:

i	CIN	L31909DN1993PLC000056
ii	Registration Date	23 rd 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, AmlipipariaIndl. Estate, Silvassa, UT of Dadra & Nagar Haveli Tel: (0260) 3290467, Fax: (0260) 2631356 info@sarlafibers.com , www.sarlafibers.com
vi	Whether Listed Company	Yes, BSE Ltd and National Stock Exchange of India Ltd
vii	Name. Address and contact details of Registrar and Transfer Agent	Sharex Dynamic (India) Private Limited M/s. Sharex Dynamic (India) Pvt. Ltd., C-101, 247 Park, L.B.S. Marg, Vikroli (West), Mumbai 400 083. Tel : 022-28515644 /2851560 FAX: 2851 2885 E-mail: sharexindia@vsnl.com Website: www.sharexindia.com

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main Products/Services	NIC Code(2008) of the Product/Service	%to total turnover of the Company
1.	Manufacturing of Yarn	20301-20304	97.98%

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

4. 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 1 st April, 2019)				No. of shares held at the end of the year (As on 31 st March, 2020)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	21651768	0	21651768	25.93%	21643628	0	21643628	25.92%	- 0.01%
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	23703905	0	23703905	28.39%	24232022	0	24232022	29.02%	0.63%
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)	45355673	0	45355673	54.32%	45875650	0	45875650	54.94%	0.62%
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)	45355673	0	45355673	54.32%	45875650	0	45875650	54.94%	0.62%

Public Shareholding									
1. Institutions									
a) Mutual Funds	4807006	0	4807006	5.76%	0	0	0	0.00%	0.00%
b) Banks/FI	4900	0	4900	0.01%	1810	0	1810	0.00%	- 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	0	0	0	0.00%	0	0	0	0.00%	0.00%

Capital Funds									
f) Insurance Co.	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIIs	20000	0	20000	0.02%	20000	0	20000	0.02	0.00%
h) Foreign Venture Capital Fund	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Others	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B) (1)	4831906	0	4831906	5.78%	21810	0	21810	0.03%	- 5.75%
2. Non-Institutional									
a) Bodies Corp.									
i) Indian	2971492	29000	3000492	3.59%	1719576	29000	1748576	2.09%	- 1.50%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto INR..1 L	15703216	1049660	16752876	20.06%	18152316	1019660	19171976	22.96%	2.9%
ii) Individuals shareholders holding nominal share capital in excess of INR. 1L	9306305	0	9306305	11.14%	9569103	0	9569103	11.46	0.32%
c) Others	1485188	0	1485188	1.77%	1777459	0	1777459	2.13	0.36%
NBFC	3000	0	3000	0.00%	0	0	0	0.00%	0.00%
IEPF	635730	0	635730	0.76%	635730	0	635730	0.76%	0.00%
Clearing Member	396747	0	396747	0.48%	1867321	0	1867321	2.24%	1.76%
3. Foreign Nationals									
NRI	1527083	208000	1735083	2.07%	2627375	208000	2835375	3.40%	1.33%
Trust									
Sub Total (B)(2)	32028761	1286660	33315421	41.76%	36348880	1256660	37605540	45.03	3.27%
Total Public shareholding (B)=(B)(1)+(B)(2)	36860667	1286660	38147327	45.68%	36370690	1256660	37627350	45.06	- 0.62%
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00%	0	0	0	0.00%	0.00%
Grand Total	82216340	1286660	83503000	100 %	82246340	1256660	83503000	100 %	-

(A+B+C)							0	
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ii) Shareholding of Promoters& Promoter Group

Sl. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	1955000	2.34%	-	1955000	2.34%	-	0.00%
2	Krishnakumar Jhunjunwala	1314000	1.57%		1314000	1.57%		0.00%
3	Sarladevi Jhunjunwala	3884000	4.65%	-	3884000	4.65%	-	0.00%
4	Satidham Industries Private Limited	23377855	27.99%	-	23905972	28.63%	-	0.64%
5	Hindustan Cotton Co. - Through its partner	11164790	13.37%	-	11164790	13.37%	-	0.00%
6	Krishnakumar& Sons (HUF) Through its Karta	325000	0.39%	-	325000	0.39%	-	0.00%
7	Madhusudan Jhunjunwala (HUF)	2357978	2.82%	-	2349838	2.81%	-	-0.01%
8	Sarla Estate Developers Private Limited	145537	0.17%	-	145537	0.17%	-	0.00%
9	Harmony Estates Private Limited	180513	0.21%	-	180513	0.21%	-	0.00%
10	Kanav Jhunjunwala	647000	0.77%		647000	0.77%		0.00%
11	Neha Jhunjunwala	4000	0.00%	-	4000	0.00%	-	0.00%

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

Sl. No.	Shareholder's name	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in shareholding during the year*
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
1	Madhusudan Jhunjunwala	1955000	2.34%	1955000	2.34%	0.00%
2	Krishnakumar Jhunjunwala	1314000	1.57%	1314000	1.57%	0.00%
3	Sarladevi Jhunjunwala	3884000	4.65%	3884000	4.65%	0.00%
4	Satidham Industries Private Limited	23377855	27.99%	23905972	28.63%	0.64%
5	Hindustan Cotton Company through its Partners	11164790	13.37%	11164790	13.37%	0.00%
6	Krishnakumar& Sons (HUF)	325000	0.39%	325000	0.39%	0.00%

7	Madhusudan Jhunhunwala & Sons (HUF)	2357978	2.82%	2349838	2.81%	-0.01%
8	Sarla Estate Developers Private Limited	145537	0.17%	145537	0.17%	0.00%
9	Harmony Estates Pvt. Ltd.	180513	0.21%	180513	0.21%	0.00%
10	Kanav Jhunhunwala	647000	0.77%	647000	0.77%	0.00%
11	Neha Jhunhunwala	4000	0.00%	4000	0.00%	0.00%
Total:		45355673		45875650		

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

Sl. No.	Shareholder's name	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in shareholding during the year *
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
1	Anil Kumar Goel	2734750	3.28%	2750000	3.29%	0.00%
2	Dalal Broacha Stock Broking Private Limited	1557613	1.87%	1657413	1.98%	0.00%
3	Seema Goel	790000	0.95%	810000	0.97%	0.00%
4	S Shyam	1733308	2.07%	1427818	1.70%	-0.06%
5.	Gursimranbir Singh	0	0.00%	750000	0.90%	0.00%
6	Vipul P Dalal	560315	0.67%	615315	0.74%	0.00%
7	Vinithra Sekhar	620208	0.74%	576946	0.70%	-0.04%
8	Vijaya S	549165	0.66%	549165	0.66%	0.00%
9	Alka Somani	540500	0.65%	540500	0.65%	0.00%
10	Manish P Gandhi	0	0.00%	500000	0.60%	0.00%

v) shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors / KMP	Shareholding at the beginning of the year		Cumulative shareholding 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. Jhunhunwala				
	At the beginning of the Year	1955000	2.34%	1955000	2.34%
	Purchase / Sales	0	0	0	0
	At the end of the year	1955000	2.34%	1955000	2.34%
2	Krishnakumar M. Jhunhunwala				
	At the beginning of the Year	1313000	1.57%	1314000	1.57%
	Purchase / Sales	1000	0%	0	0%
	At the end of the year	1314000	1.57%	1314000	1.57%
3	Neha K. Jhunhunwala				
	At the beginning of the Year	4000	0.004%	4000	0.004%

	Purchase / Sales	0	0	0	0
	At the end of the year	4000	0.004%	4000	0.004%

	KMP				
1	Mahendra Sheth				
	At the beginning of the Year	6800	0.008%	6800	0.008%
	Purchase / Sales	0	0		0
	At the end of the year	6800	0.008%	6800	0.008%

vi) INDEBTEDNESS

**Indebtedness of the Company including interest outstanding/accrued but not due for payment
based on consolidated financial statements:** (INR. lakhs)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount				
Working Capital	8453.85	-	-	8453.85
Long Term Loan	15603.16	86.78	-	15689.94
ii) Interest due but not paid				
iii) Interest accrue but not due				
Total: (i+ii+iii)	24057.01	86.78	-	24143.79
Change in Indebtedness during the financial year				
□ Additional	4077.84	26.22	-	4104.06
□ Reduction	(1584.85)	-	-	(1584.85)
Net Change	2492.99	26.22	-	2519.21
Indebtedness at the end of the financial year				
i) Principal Amount				
Working Capital	6869	-	-	6869
Long Term Loan	19665	113	-	19778
ii) Interest due but not paid				
iii) Interest accrued but not due	16	-	-	-
Total: (i+ii+iii)	26550	113	-	26663

1. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time Directors and/or Manager: (INR. lakhs)

Sl. No.	Particulars of Remuneration	Krishnakumar Jhunjunwala	Madhusudan Jhunjunwala	Total Amount
		Managing Director	Whole-time Director	
1	Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	138.00	138.00	276.00
	Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-

	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission/Performance Linked IncentiveAs % of profit Others specify (performance Linked Incentive)	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	138.00	138.00	276.00

B. Remuneration to other directors:

(INR. lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	Parantap Dave	Neha Jhunjhunwala (Non Independent Non Executive)	Shreya Desai	
	Fee for attending board committee meetings	0.80	0.80	0.80	2.40
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total	0.80	0.60	0.80	2.40

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(INR. lakhs)

Sl. No.	Particulars of remuneration	Key Managerial Personnel	Total Amount
		Mahendra Sheth CFO & Company Secretary	
1.	Gross salary	49.20	49.20
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961		
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - As % of profit - Others, specify	-	-
5.	Others, please specify	-	-
	Total:	49.20	49.20

2. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: 24th July, 2020

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2020, in terms of Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations").

INTRODUCTION

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

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

The Director's present the Company's Report on Corporate Governance for the year ended 31st March, 2020.

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 Non-Executive Directors with Two Woman Directors and not less than fifty per cent of the Board comprises Non - Executive Directors.

Corporate Governance leads to long term shareholder value and enhances interest of other stakeholders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder's value.

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

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

2. BOARD OF DIRECTORS

Composition of the Board

As on 31st March, 2020, the Company's Board consists of Six (6) Directors. The Board of Directors of your Company has an optimum combination of Executive and

Pursuant to Regulation 17(1) (b) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 (“SEBI Listing Regulations”) where the Company is having an executive chairperson, at least half of the Board of Directors shall comprise of Independent Directors.

As on 31st March, 2020, the structure of the Board of Directors of the Company is as follows:

Name and Designation of Directors	Category
Mr. Madhusudan Jhunjunwala, Chairman & Whole-time Director	Promoter Executive Directors
Mr. Krishnakumar Jhunjunwala, Managing Director	Promoter Executive Director
Ms. Neha Jhunjunwala, Director	Promoter Non-Executive Director
Mr. Parantap Dave	Independent Directors
Ms. Shreya Desai	Independent Director
Mr. Paulo Castro	Independent Director

For the Period beginning from March 23, 2019 to May 23, 2019 the Company did not have requisite number of Independent Directors on its Board on account of resignation by Mr. Jigar Shah, Independent Director with effect from 22nd March, 2019. However, Upon recommendation of Nomination and Remuneration Committee at their meeting held on 23rd May, 2019, the Board appointed Mr. Paulo Manuel Ferreira Moura De Castro [DIN: 08459844] as an Additional (Independent, Non-Executive) Director of the Company with effect from 23rd May, 2019.

Except mentioned above, the composition of the Board of Directors is in conformity with requirements of Regulation 17 of the SEBI

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

Number of Shares held by Non- Executive Directors

Name of Non-Executive Director	No. of Shares held
Ms. Neha Jhunjunwala	4000

None of Non-Executive Directors, of the Company, except above, are holding any shares and convertible instruments of the Company during the financial year ended 31st March, 2020.

Directors’ Directorships/ Committee Memberships:

In accordance with Regulation 26 of Listing Regulations, none of the Directors are member in more than Ten (10) committees excluding Private Companies, foreign Companies and Companies under Section 8 of the Companies Act, 2013 or act as a chairperson of more than Five (5) committees across all listed entities in which he / she is a Director. The Audit Committee and Stakeholders’ Relationship Committee are only considered in computation of limits. Further, no Independent Director serves as Independent Director in more than Seven (7) Listed Companies. Disclosures to this effect have been received by the Company from all its Directors.

Relevant details of the Board of Directors as on 31st March, 2020 are given below:

Name of Director	Date of Appointment	Category of Director	Directorships in other Indian Public Listed Companies (excluding Sarla Performance Fibers Ltd.)	Number of Board Committees in which Chairman / Member (excluding Sarla Performance Fibers Ltd.)		List of Directorship held in other Listed Companies and Category of Directorship
				Chairman	Member	
Madhusudan Jhunjunwala (DIN:00097254)	15/07/1994	Promoter / Chairman & Whole-time Director	NIL	NIL	NIL	NIL
Krishnakumar Jhunjunwala (DIN: 00097175)	14/06/1994	Promoter / Managing Director	NIL	NIL	NIL	NIL
Parantap Dave (DIN: 00019472)	27/09/2014	Non - Executive, Independent Director	NIL	3	3	NIL
Neha Jhunjunwala (DIN: 07144529)	31/03/2015	Non - Executive, Non-Independent Director	NIL	NIL	NIL	NIL
Shreya Desai (DIN: 08041995)	12/12/2017	Non - Executive, Independent Director	NIL	NIL	NIL	NIL
Paulo Manuel Ferreira Moura De Castro * (DIN: 08459844)	23/05/2019	Non - Executive, Independent Director	NIL	NIL	NIL	NIL

Notes:

*Appointed as an Additional Independent Director on 23rd May, 2019 and regularised on 27th September, 2019.

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

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

Independent Directors confirmation by the Board:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations. In the opinion of the Board, the Independent Directors fulfill the conditions of

independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations. A Formal letter of appointment to Independent Directors as provided in the Companies Act, 2013 has been issued and disclosed on the website of the Company viz. www.sarlafibers.com.

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

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

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

All the Independent Directors were present at this Meeting.

Number of Independent Directors:

As per Regulation 17A of Listing Regulations, Independent Directors of the Company do not

serve as Independent Director in more than Seven (7) Listed Companies. Further, the Managing Director of the Company does not serve as an Independent Director in any listed entity.

Familiarization Programmes for Board Members:

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

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

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

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 2019-20 of the Company. The code has been posted on the website of the Company at www.sarlafibers.com.

Performance Evaluation Criterion:

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

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

Board Meetings, Committee Meetings and Procedures

Board Meetings:

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

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

Number of Board Meetings:

During financial year 2019-20, the Board of Directors met Four (4). The maximum gap between two consecutive meetings was less than One Hundred and Twenty days, as stipulated under Section 173(1) of the Companies Act, 2013 and Regulation 17(2) of the Listing Regulations and the Secretarial Standard by the Institute of Company Secretaries of India.

Attendance of Directors at the Board meetings and at the last Annual General Meeting (AGM)

S. No.	Name of Directors	23/05/2019	13/08/2019	09/11/2019	04/02/2020	Attendance at AGM held on 27 th September, 2019
1	Madhusudan Jhunhunwala	Present	Present	Present	Present	Present
2	Krishnakumar Jhunhunwala	Absent	Present	Present	Present	Absent
3	Parantap Dave	Present	Present	Present	Present	Present
4	Neha Jhunhunwala	Absent	Present	Present	Present	Absent
5	Shreya Desai	Present	Present	Present	Present	Absent
6	Paulo Manuel Ferreira Moura De Castro*	-	Absent	Present	Absent	Absent

* Paulo Manuel Ferreira Moura De Castro was appointed on the Board of Directors of Company on 23rd May, 2019.

Date	Board Strength	No. of Directors present
23 rd May, 2019	5	5
13 th August, 2019	6	5
9 th November, 2019	6	6
4 th February, 2020	6	5

Attendance of Directors at Board Meetings and last Annual General Meeting

Name of the Director	No. of Board Meetings held during the year	No. of Board Meetings attended	Attendance at the AGM held on 27 th September, 2019
Madhusudan Jhunjunwala	4	4	Present
Krishnakumar Jhunjunwala	4	3	Absent
Parantap Dave	4	4	Present
Neha Jhunjunwala	4	3	Absent
Shreya Desai	4	4	Absent
Paulo Manuel Ferreira Moura De Castro	3	1	Absent

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

Scheduling and Selection of Agenda items for Board and Committee Meetings:

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

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

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

Recording Minutes of Proceedings at Board and Committee Meetings:

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

Compliance:

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

Committees:

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

Composition of Committees of the Board

Audit Committee			
<i>Sr. No.</i>	<i>Name of the Director</i>	<i>Category</i>	<i>Chairperson/Membership</i>
1	Parantap Dave	Independent Director	Chairman
2	Shreya Desai	Independent Director	Member
3	Madhusudan Jhunjunwala	Executive Director	Member

Nomination and Remuneration Committee			
<i>Sr. No.</i>	<i>Name of the Director</i>	<i>Category</i>	<i>Chairperson/Membership</i>
1	Parantap Dave	Independent Director	Chairman
2	Shreya Desai	Independent Director	Member
3	Neha Krishna Jhunjunwala	Non- Executive Director	Member

Stakeholders' Relationship Committee			
<i>Sr. No.</i>	<i>Name of the Director</i>	<i>Category</i>	<i>Chairperson/Membership</i>
1	Parantap Dave	Independent Director	Chairman
2	Shreya Desai	Independent Director	Member
3	Madhusudan Jhunjunwala	Executive Director	Member

Corporate Social Responsibility Committee			
<i>Sr. No.</i>	<i>Name of the Director</i>	<i>Category</i>	<i>Chairperson/Membership</i>
1	Madhusudan Jhunjunwala	Executive Director	Chairman
2	Parantap Dave	Independent Director	Member
3	Shreya Desai	Independent Director	Member

Risk Management Committee			
<i>Sr. No.</i>	<i>Name of the Director</i>	<i>Category</i>	<i>Chairperson/Membership</i>
1	Krishnakumar Jhunjunwala	Executive Director	Chairman
2	Shreya Desai	Independent Director	Member
3	Parantap Dave	Independent Director	Member

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

Meetings of Committees held during the year and Directors' Attendance

Committees of the Company	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Meetings held	4	1	1	1	Nil
Members' Attendance					
Madhusudan Jhunjunwala	4	NA	1	1	NA
Krishnakumar Jhunjunwala	NA	NA	NA	NA	NA
Parantap Dave	4	1	1	1	NA
Shreya Desai	4	1	1	1	NA
Neha Jhunjunwala	NA	1	NA	NA	NA
Paulo Manuel Ferreira Moura De Castro	NA	NA	NA	NA	NA

NA – Not a member of the Committee

Terms of Reference and other Details of Committees:

Audit Committee:

The Committee's composition and terms of reference are in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The composition of Committee is given in this Report. The Committee consists of Two Independent Directors and One Executive Director of the Company viz. Mr. Parantap Dave, Ms. Shreya Desai and Mr. Madhusudan Jhunjunwala.

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

Meeting Details:

Date	Committee Strength	No. of Members present
------	--------------------	------------------------

23 rd May, 2019	3	3
13 th August, 2019	3	3
9 th November, 2019	3	3
4 th February, 2020	3	3

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

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

significant risk areas with the management,

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

Nomination and Remuneration Committee:

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013, Regulation 19 of the Listing Regulations. The composition of Committee is given in this Report. The Committee consists of Two Independent Directors and One Non-Executive Director of the Company viz. Mr. Parantap Dave, Ms. Shreya Desai and Ms. Neha Jhunjunwala.

Meeting Details:

Date	Committee Strength	No. of Members present
13 th August, 2019	3	3

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

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

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

Remuneration of Directors:

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

The details of sitting fees paid to the Directors during the year 2019-20 are given below:

Name of Non-Executive Directors	Sitting Fees (INR.)
---------------------------------	---------------------

Mr. Paulo Manuel Ferreira Moura De Castro	-
Mr. Parantap Dave	1,20,000
Ms. Neha Jhunjunwala	1,20,000
Ms. Shreya Desai	1,20,000

None of the Non-Executive Directors of the Company had any pecuniary relationship of transaction with the Company during the financial year 2019-20.

Company has paid a remuneration of INR. 1,38,00,000 to Mr. Krishnakumar M. Jhunjunwala, Managing Director and INR. 1,38,00,000 to Mr. Madhusudan S. Jhunjunwala, Chairman & Whole Time Director of the Company during the financial year 2019-20, as given below :

(INR. in Lacs)

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

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

Chairman & Whole Time Director:

Period of Contract : 5 Years from 01st August, 2019 to 31^s July, 2024
Termination of : By either party giving

Contract : 3 Months' notice
Severance Fees : Nil

Managing Director:

Period of Contract : 5 Years from 01st October 2019 to 30th September, 2024

Termination of : By either party giving
Contract : 3 Months' notice
Severance Fees : Nil

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

Stakeholders Relationship Committee:

Stakeholders Relationship Committee looks into the redressal of shareholder's/investor's complaints. The composition of Committee is given in this Report. The Committee consists of Two Independent Directors and One Executive Director of the Company viz. Mr. Parantap Dave, Ms. Shreya Desai and Mr. Madhusudan Jhunjunwala.

Meeting Details:

Date	Committee Strength	No. of Members present
04 th February, 2020	3	3

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.

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

- Oversee and review all matters connected with transfer of Company's securities;
- Approve issue of duplicate shares / debenture certificates;

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

Investor Grievance Redressal:

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

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

There were no pending requests for the financial year ended 31st March, 2020.

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. Parantap Dave and Mrs. Shreya Desai as members of the committee. The Role of the Committee is to look after company's CSR activities and shall monitor CSR Plan.

Meeting Details:

Date	Committee Strength	No. of Members present
9 th November, 2019	3	3

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

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

Risk Management Committee:

The Risk Management Committee consists of Mr. Krishnakumar Jhunjunwala as Chairman, Ms. Shreya Desai and Mr.

Parantap Dave as members of the Committee. No meeting of the Committee was held during the year. The Committee is entrusted with power, authority and function to formulate, monitor and review the risk management plan for the company. The Committee shall carry out such other functions as may be delegated to it by the Board of Directors.

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

- Framing Risk Management Plan and Policy;
- Overseeing implementation / Monitoring of Risk Management Plan and Policy;
- Validating the process of Risk Management.

- Validating the procedure for Risk Minimisation.
- Review of development and implementation of a risk management policy including identification therein of element of risk.
- Annual performance evaluation of the Committee.

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

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

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

AGM for the Financial Year	Date	Time	Venue
2016-2017	29 th September, 2017	11.00 a.m.	} Registered Office of the Company } Survey No. 59/1/4, Amla Piparia } Industrial Estate, Silvassa - 396230 } U.T. OF D. & N. HAVELI.
2017-2018	28 th September, 2018	09.30 a.m.	
2018-2019	27 th September, 2019	10.00 a.m.	

During last 3 AGMs following special resolutions were passed:

Date of AGM	Section	Resolution Matter
28 th September, 2018	14 of the Companies Act, 2013	Alteration of Article of Association
	Section 180 (1)(c) of the Companies Act, 2013	Revision in overall borrowing powers of the Company
	Section 180 (1)(a) of the Companies Act, 2013	Creation of Mortgage/Charge on the assets of the Company
27 th September, 2019	Section 196, 197, 198 and 203	Re-Appointment of Mr Madhusudan Jhunjunwala as a Chairman and Whole-Time Director of the Company for a period of five years
	Section 196, 197, 198 and 203	Re-Appointment of Mr Krishnakumar Jhunjunwala as Managing Director of the Company for a period of five years
	Section 149 and 152	Re-Appointment of Mr. Parantap Dave as an Independent Director of the Company for a second term of five consecutive years
	Section 161	Appointment of Mr. Paulo Manuel Ferreira Moura De Castro as an Independent Director

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

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

Means of Communication

The Quarterly and Half Yearly results were published in widely circulating National and Local Daily's such as Business Line, in English (Mumbai & Ahmedabad), Gujarat Guardian, In Gujarati (Ahmedabad). The results were not sent individually to the shareholders. Results were also hosted on company's website www.sarlafibers.com.

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

Disclosures

Disclosure on materially significant related party transactions:

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

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

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

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

Whistle Blower Policy:

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

Insider Trading:

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended from time to time, the Company has formulated a code of fair disclosure and conduct for prevention of insider trading. Details of the shareholdings of the Non-Executive Directors as on 31st March, 2020 are as under:

Name	No. of Shares of INR. 1 each
Mr. Parantap Priyakant Dave	Nil
Ms. Shreya Desai	Nil
Ms. Neha Jhunjhunwala	4000
Mr. Paulo Manuel Ferreira Moura De Castro	Nil

General Shareholder Information

Annual General Meeting	
Date and Time	Wednesday, 30 th September, 2020, at 10:00 AM
Venue	Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa – 396230 U.T. Dadra & Nagar Haveli
Date of Book Closure	Wednesday, 23 rd September, 2020 to Wednesday, 30 th September, 2020 (both days inclusive).
Financial Year	April 1, 2020 to March 31, 2021
Financial Calendar	The results will be published as under : (Tentative) First Quarter Before 14 th August, 2020 Second Quarter Before 15 th November, 2020 Third Quarter Before 15 th February, 2021 Fourth Quarter (Annual) Before 30 th May, 2021
Listing on Stock Exchanges and Stock-Code	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001. - Stock Code No. 526885 and National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400051. - Symbol SARLAPOLY

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

Market Price Data

Monthly high/low during the year **2019-20** on the BSE and National Stock Exchange:

Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (INR.)	Low (INR.)	High (INR.)	Low (INR.)
April 2019	27.90	24.75	27.40	24.00
May 2019	30.50	21.20	30.80	21.05
June 2019	29.20	26.75	29.40	24.15
July 2019	27.35	23.30	27.80	23.00
August 2019	25.95	22.00	26.00	22.00
September 2019	27.90	21.00	26.00	20.80
October 2019	23.40	20.10	23.30	20.05
November 2019	25.40	19.70	25.90	19.80
December 2019	22.20	18.45	22.00	18.15
January 2020	28.00	21.00	28.25	20.90
February 2020	25.15	19.50	25.00	18.10
March 2020	20.85	10.85	20.90	10.25
[Source: This information is compiled from the data available on the websites of BSE and NSE]				

Chart of Company Share Prices compared to BSE Sensex

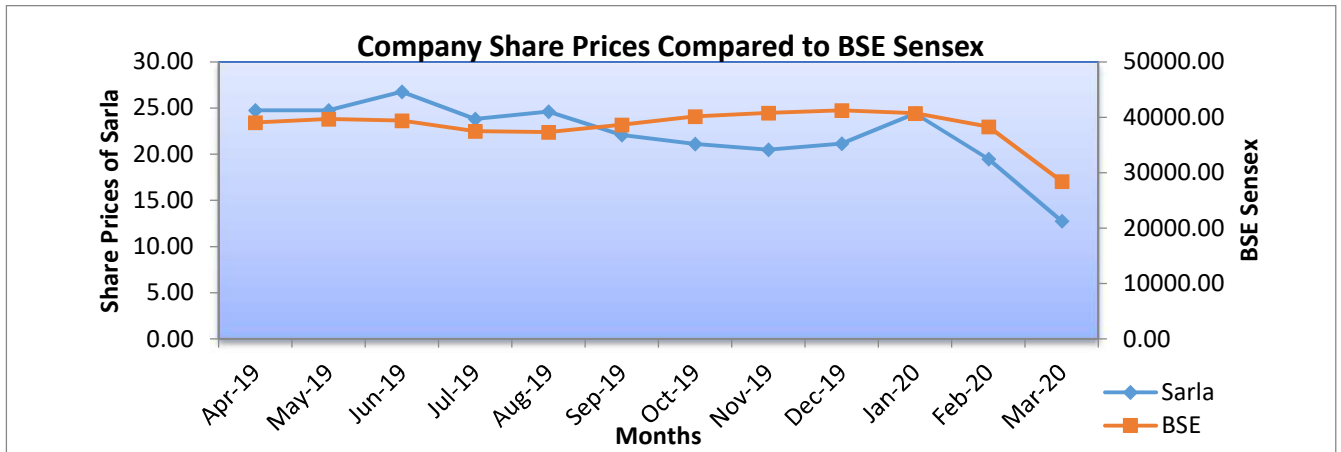
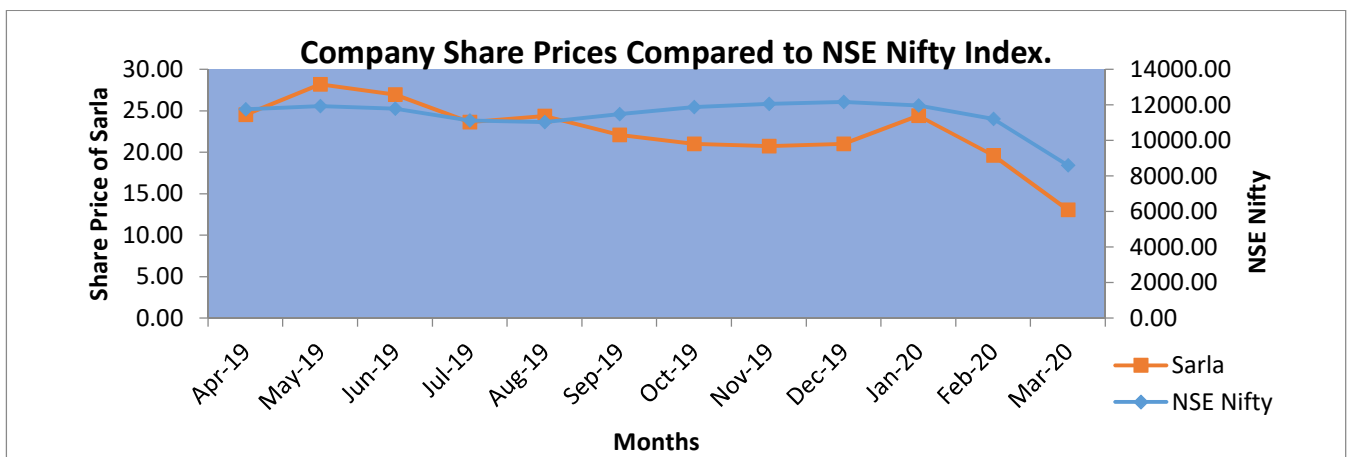


Chart of Company Share Prices compared to NSE Nifty Index



Distribution of Shareholding as on 31st March 2020:

Shares of Nominal Value (INR.)		Shareholders		Total Amount (INR.)	
From	To	Number	% to Total	Amount	% to Total
1	5000	14129	97.28706	10066208	12.05491
5,001	10,000	401	2.761138	3026006	3.623829
10,001	20,000	179	1.232528	2606388	3.121311
20,001	30,000	53	0.364938	1341348	1.606347
30,001	40,000	29	0.199683	1062225	1.27208
40,001	50,000	20	0.137713	919581	1.101255
50,001	1,00,000	42	0.289196	3169491	3.795661
100001 and above		40	45	0.309853	61311753
Total		15402	100.00	83503000	100.00

Shareholding Pattern as on 31st March 2020:

Category	No. of shares	%
Promoters	4,58,75,650	54.94
Mutual Funds & UTI	0	0.00
Fins / Banks	1,810	0.00
Venture Capital Funds	0	0.00
FII(S)	20,000	0.02
Private Corporate Bodies	35,26,035	4.22
Indian Public	2,87,41,079	34.42
Non Resident Indians	28,35,375	3.40
Any other (Clearing Members)	25,03,051	3.00
Total	8,35,03,000	100.00

Dematerialization of shares and liquidity:

The shares of your company are available in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN Number of Sarla Performance Fibers Limited on both NSDL and CDSL is INE 453D01017, 98.50 % of the total equity capital of the Company was held in dematerialised form as on 31st March, 2020.

Share Transfer System:

All Share Transfer and other Correspondence regarding share Certificates, Change of Address, Dividends etc. should be addressed

to Registrar & Transfer Agent. Request for transfer in physical form should also be lodged with the Registrar & Transfer Agent.

Address for Investors / Analyst Correspondence:**1. With the Company :**

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

2. With the Registrar :

M/s. Sharex Dynamic (India) Pvt. Ltd.,
C 101, 247 Park, L B S Marg, Vikhroli
West, Mumbai 400083.
Tel : 022-28515644 / 2851560
FAX: 2851 2885
E-mail: sharexindia@vsnl.com
Website: www.sharexindia.com

Outstanding GDRs /ADRs: NIL

Plant locations:

Silvassa:

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

Dadra:

Plot No 11 & 12, Survey No 213P, Near Dadra Check Post, Dadra, U T of Dadra & Nagar Haveli - 396 191.

Vapi:

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

LIST OF ALL CREDIT RATINGS OBTAINED BY THE COMPANY

SMERA Ratings Limited have reaffirmed the Credit Ratings of SMERA A for Long Term and SMERA A1 for Short Term Loans on 22nd March, 2019.

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

- a) Number of complaints filed during the financial year 2019-20 - Nil
- b) Number of complaints disposed of during the financial year 2019-20 - Nil
- c) Number of complaints pending as on end of the financial year 2019-20 - Nil

Non-Mandatory Requirements:-

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

- A. The Chairman of the Board of Directors of the Company is an Executive Director.
- B. As the financial Results of the Company are published in the leading Newspapers, Company is not sending half-yearly financial results to each Shareholder of the Company.
- C. During the financial year 2019-20 the Auditors have given Modified Opinion, the details of their Modification and reply of the Board of Directors are given in Board's Report.

Information Given to the Board

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

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

CERTIFICATE OF THE PRECTISING COMPANY SECRETARY 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, 2020 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 Agrawal Mundra & Associates
Company Secretaries
(Firm Unique Number – P2019MP077600)

Aditya Agrawal
Partner
M. No.: 57913
C.P. No.: 22030

Place: Indore
Date: 21st July, 2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
Sarla Performance Fibers Limited
Survey No. 59/1/4,
Amli Piparia Industrial Estate,
Silvassa, Dadra Nagar Haveli - 396230 INDIA

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

having CIN L31909DN1993PLC000056, I hereby certify that:

On the basis of the written representation / declaration received from the Directors and taken on record by the Board of Directors as on 31st March, 2020, none of the Directors on the board of the Company has been debarred or disqualified from being appointed or continuing as director of Companies by the Securities Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

Date: 24th July, 2020
Place: Mumbai

For A. Y. Sathe & Co.
Company Secretaries

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

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

To,
The Board of Directors
Sarla Performance Fibers Limited

A. We hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2020 and to the best of our knowledge and belief:

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

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

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

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

- (i) significant changes in internal control over financial reporting during the year;
- (ii) that there are no significant changes in the accounting policies during the year; and
- (iii) that there are no instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system

For Sarla Performance Fibers Limited

Krishnakumar Jhunjunwala
Managing Director
(DIN: 00097175)

Place: Mumbai
Date: 24th July, 2020

DECLARATION

I, Madhusudan Jhunjunwala, Chairman & Whole-Time Director of the Company, hereby declare that all the Members of the Board of Directors and Senior Management personnel of the Company have affirmed Compliance with the Code of Conduct for the year ended 31st March, 2020.

For SARLA PERFORMANCE FIBERS LIMITED

Place: Mumbai
Dated: 24th July, 2020

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SARLA PERFORMANCE FIBERS LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of **Sarla Performance Fibers Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the state of affairs

(financial position) of the Company as at 31st March, 2020, the profit and total comprehensive income (financial performance), changes in equity and its cash flows for the year ended on that date.

Basis of Qualified Opinion

The Company has an exposure to its Wholly owned Subsidiary 'Sarlaflex, Inc.' of INR. 8,670 lakhs towards investments in equity, preference shares and unsecured loans. The Company also has indirect exposure in Sarlaflex, Inc. by way of unsecured loans amounting to INR. 6,738 lakhs through its wholly owned subsidiary, Sarla Overseas Holdings Limited.

Sarlaflex, Inc has suspended manufacturing operations since December, 2017 and has a negative net worth as on 31st March, 2020. These conditions raise substantial doubt about its ability to continue as a going concern.

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

Our report for previous year was also qualified in respect of the above matter.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act except as mentioned in Emphasis of Matters para below. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the standalone financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on standalone financial statements.

Emphasis of Matters

On account of our inability to conduct a physical verification as on 31st March, 2020 owing to the lockdown restrictions imposed by the Government as well as absence of the said verification procedures undertaken by the Company, we have relied on details as provided by the management and related adjustments to confirm the existence and condition of inventory at the year end.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31st March, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the audit of the standalone financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our qualified audit opinion on the accompanying standalone financial statements.

Sr. no	Key Audit Matter	Auditor's Response
1.	<p>Litigations, Provisions and contingent liabilities</p> <p>The Company has litigations which also include matters under dispute involving significant management judgement and estimates on the possible outcome of the litigations and consequent provisioning thereof or disclosure as contingent liabilities.</p> <p>Refer Note 45.1 to the standalone financial statements.</p>	<p><u>Principal Audit Procedures</u></p> <p>As part of audit process, we obtained from the management details of matters under disputes including ongoing and completed tax assessments, demands and litigations. Our audit approach for the above consists of the following audit procedures:</p> <ul style="list-style-type: none"> • Evaluation and testing of the design of internal controls followed by the Company relating to litigations and open tax positions for indirect taxes and process followed to decide provisioning or disclosure as Contingent Liabilities; • Discussed with Company's legal team and taxation team for sufficient understanding of on-going and potential legal matters impacting the Company.

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

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Corporate Governance Report and Shareholder's information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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

In preparing the financial statements, Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain

audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone

financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our

opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
- d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) The matters described under the Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;
- f) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- g) With respect to the adequacy of the internal financial controls with reference to standalone financial

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

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 45.1 to the standalone financial statements;

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

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

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W-100036

Himanshu Kishnadwala

Partner

Membership No.: 37391

UDIN: 20037391AAAADP9073

Place: Mumbai

Date: 24th July, 2020

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sarla Performance Fibers Limited ("the Company") on the standalone financial statements for the year ended 31st March, 2020]

- (i) (a) The Company is in the process of updating its fixed assets register in respect of addition to assets during the year to depict full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of fixed assets under which fixed assets are verified in a

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

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

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

- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification;
- (iii) The Company has not granted any loans, secured or unsecured, to

companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable;

- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 of the Act. The Company has made equity and preference share investments, has given interest free unsecured loans to its wholly owned subsidiary. According to information and explanations given to us, said investments made and loans given, are for business purpose and are within the limit of Sec 186(2) of the Act;
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from public within the provisions of Sections 73 to 76 of the Act read with The Companies (Acceptance of Deposits) Rules, 2014 and other relevant provisions of the Act and therefore, provisions of paragraph 3(v) of the Order are not applicable to the Company;
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as specified by the Central Government under sub section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the same with a view to determining whether they are accurate or complete;
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it to the appropriate authorities;
 - (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it, were outstanding, as on the last day of the financial year, for a period of more than six months from the date they became payable;
 - (c) Details of income-tax, sales-tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax have not been deposited as on 31st March, 2020 on account of any dispute, are as under:

Name of the Statute	Forum where dispute is pending	Period to which the amount relates	Amount Involved (INR. In lakhs)	Amount Unpaid (INR. In lakhs)
Central Excise Act, 1944	Supreme Court of India	FY 1995-96, 1996-97	150	75
Central Excise Act, 1944	CESTAT	FY 1995-96	45	45
Custom Act, 1962	CESTAT	FY 2011-12, 2016-17	1,158	768

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

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, money raised by way of term loans during the year have been applied for the purpose for which those were raised except for External Commercial Borrowings amounting to INR. 3,459 lakhs which are parked in Fixed Deposits pending utilisation thereof;

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India

and according to the information and explanations given to us, no instances of fraud by the Company or on the Company by its officers or employees have been noticed or reported during the year;

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

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

(xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with related parties and the details

of such transactions have been disclosed in the standalone financial statements etc. as required by the applicable Indian Accounting Standards;

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the

year. Accordingly, paragraph 3(xiv) of the Order is not applicable;

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

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

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W-100036

Himanshu Kishnadwala

Partner

Membership No.: 37391

UDIN: 20037391AAAADP9073

Place: Mumbai

Date: 24th July, 2020

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sarla Performance Fibers Limited ("the Company") on the standalone financial statements for the year ended 31st March, 2020]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to financial statements of **Sarla Performance Fibers Limited** ("the Company") as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the

orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

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

dispositions of the assets of the company;

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to

financial statements were operating effectively as at 31st March, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W-100036

Himanshu Kishnadwala

Partner

Membership No.: 37391

UDIN: 20037391AAAADP9073

Place: Mumbai

Date: 24th July, 2020

		(Rs in lakhs)		
	Particulars	Note No	As at at 31st March, 2020	As at 31st March, 2019
I	ASSETS			
(1)	Non-current assets			
	(a) Property, Plant and Equipment	4	21,915	20,748
	(b) Capital Work in progress	5	-	1,030
	(c) Intangible assets	6	-	4
	(d) Intangible assets under development		79	-
	(e) Investments in Subsidiaries	7	8,604	779
	<u>(f) Financial Assets</u>			
	(i) Investments	8	1,580	1,103
	(ii) Loans	9	477	8,448
	(iii) Other financial assets	10	2,774	2,511
	(g) Non current Tax Assets (Net)	11	184	44
	(h) Other non-current assets	12	376	330
	Total non-current assets		35,989	34,997
(2)	Current assets			
	(a) Inventories	13	3,813	3,895
	<u>(b) Financial Assets</u>			
	(i) Investments	14	26	37
	(ii) Trade receivables	15	9,751	9,049
	(iii) Cash and cash equivalents	16	559	411
	(iv) Bank balances other than (iii) above	17	6,265	4,561
	(v) Loans	18	25	31
	(vi) Other financial assets	19	200	440
	(c) Other current assets	20	2,275	1,963
	Total current assets		22,914	20,387
	Total Assets		58,903	55,384
II	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share capital	21	835	835
	(b) Other Equity	22	34,374	31,307
	Total equity		35,209	32,142
	Liabilities			
(1)	Non-current liabilities			
	<u>(a) Financial Liabilities</u>			
	(i) Borrowings	23	6,588	6,009
	(ii) Other financial liabilities	24	7	-
	(b) Provisions	25	123	96
	(c) Deferred tax liabilities (Net)	26	2,769	3,172
	Total non-current liabilities		9,487	9,277
(2)	Current liabilities			
	<u>(a) Financial Liabilities</u>			
	(i) Borrowings	27	6,869	8,452
	(ii) Trade payables	28		
	(A) total outstanding dues of micro enterprises and small enterprises		-	-
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises		790	1,435
	(iii) Other financial liabilities	29	6,346	3,698
	(b) Other current liabilities	30	119	176
	(c) Provisions	31	83	65
	(d) Current Tax Liabilities (Net)	32	-	139
	Total current liabilities		14,207	13,965
	Total Equity and Liabilities		58,903	55,384

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 24th July, 2020

Place: Mumbai
Date: 24th July, 2020

Sarla Performance Fibers Limited
Statement of profit and loss for the year ended 31st March, 2020

(Rs in lakhs)

	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
I	Revenue from Operations	33	29,832	31,632
II	Other Income	34	1,804	1,809
III	TOTAL INCOME (I+II)		31,636	33,441
IV	Expenses			
	(a) Cost of materials consumed	35	14,333	17,611
	(b) Changes in inventories of finished goods and work-in-progress	36	(470)	(265)
	(c) Employee benefits expense	37	1,346	1,150
	(d) Finance costs	38	963	727
	(e) Depreciation and amortization expense	39	1,766	1,448
	(f) Other expenses	40	10,012	8,537
	TOTAL EXPENSES (a to f)		27,950	29,208
V	Profit/(loss) before tax (III-IV)		3,686	4,233
VI	Tax expense:	26		
	Current tax		1,031	961
	Deferred tax		(799)	321
	Total tax expense		232	1,282
VII	Profit/(loss) for the year (V-VI)		3,454	2,951
VIII	Other Comprehensive Income ('OCI')			
A	(i) Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plan		21	(14)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(6)	5
	Total (A)		15	(9)
B	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total (B)		-	-
	Total Other comprehensive income (A+B)		15	(9)
IX	Total comprehensive income for the year (VII+VIII)		3,469	2,942
X	Earnings per equity share	41		
	- Basic and Diluted (face value Re. 1)		4.14	3.53

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP

Chartered Accountants

ICAI FR No.: 101961W/W-100036

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA

Partner

Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA

Chairman & Whole Time Director

(DIN: 00097175)

MADHUSUDAN S. JHUNJHUNWALA

Chairman & Whole Time Director

(DIN: 00097254)

MAHENDRA SHETH

CFO & Company Secretary

Place: Mumbai

Date: 24th July, 2020

Place: Mumbai

Date: 24th July, 2020

Sarla Performance Fibers Limited
Statement of cash flows for the year ended 31st March, 2020

(Rs in lakhs)

	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A	<u>Cash flow from operating activities</u>		
	Profit before tax	3,686	4,233
	Adjustments for:		
	Finance costs	963	727
	Depreciation and amortisation expenses	1,766	1,448
	Interest on income tax	4	3
	Interest income	(829)	(510)
	Gain on disposal of property, plant and equipment	(4)	(30)
	Loss on disposal of investments	-	24
	Gain on fair value of investments	(24)	(129)
	Dividend Income on Current investments	(1)	(31)
	Dividend Income from Subsidiary	(430)	(427)
	Unrealised exchange gain or loss on foreign currency translations	512	(595)
	Operating profit before working capital changes	5,643	4,713
	Movements in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Trade receivables	(702)	(2,174)
	Inventories	83	330
	Current loans	6	(8)
	Non-current loans	360	67
	Other non current assets	(46)	(149)
	Other current assets	(312)	(912)
	Other current financial assets	308	(354)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	(645)	363
	Other current financial liabilities	139	150
	Other current liabilities	(72)	44
	Other financial liabilities	26	-
	Provisions	65	15
	Cash generated from operations	4,853	2,085
	Direct taxes paid (net)	(923)	(849)
	Net cash generated from operating activities (A)	3,930	1,236
B	<u>Cash flows from investing activities</u>		
	Bank balances other than Cash & Cash equivalents	(1,741)	(1,895)
	Purchase of property, plant and equipment	(2,079)	(4,155)
	Purchase of Intangible Assets	(79)	-
	Proceeds from disposals of property, plant and equipment	9	92
	Purchase of non current investments	(1,048)	(16)
	Proceeds from sale of investments	606	-
	Purchase of current investments	(0)	70
	Interest received	536	285
	Dividend Income on Current investments	1	31
	Dividend Income from Subsidiary	430	427
	Net cash (used in) investing activities (B)	(3,365)	(5,160)
C	<u>Cash flow from financing activities</u>		
	Proceeds from non current borrowings	3,580	2,718
	Repayment of non current borrowings	(730)	(708)
	Proceeds/(repayment) from current borrowings	(1,883)	2,165
	Payments for the principal portion of lease liability	(19)	-
	Payments for the interest portion of lease liability	(3)	-
	Interest paid	(944)	(700)
	Dividend paid	(417)	(420)
	Net cash (used in) financing activities (C)	(415)	3,055

D	NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]		150	(869)	
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR				
	Balances with banks in current accounts and deposit accounts		388	1,271	
	Cash on hand		23	9	
	CASH AND CASH EQUIVALENTS AS PER NOTE 16		411	1,280	
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR				
	Balances with banks in current accounts and deposit accounts		540	388	
	Cash on hand		19	23	
	CASH AND CASH EQUIVALENTS AS PER NOTE 16		559	411	
Explanatory notes to Statement of Cash Flows:					
1	The Statement of Cash Flows is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Ind AS 7 as notified by Ministry of Corporate Affairs.				
2	In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.				
3	The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".				
4	Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:				
Reconciliation of liabilities arising from financing activities					
Particulars		As at 1st April 2019	Cash flow	Foreign Exchange movement	As at 31st March, 2020
Non - current borrowing (including current maturities of non current borrowing)		6,701	2,850	411	9,962
Current borrowing		8,452	(1,883)	300	6,869
		15,153	967	711	16,831
Particulars		As at 1st April 2018	Cash flow	Foreign Exchange movement	As at 31st March, 2019
Non - current borrowing (including current maturities of non current borrowing)		4,576	2,009	116	6,701
Current borrowing		6,446	2,165	-159	8,452
		11,022	4,174	(43)	15,153

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 24th July, 2020

Place: Mumbai
Date: 24th July, 2020

Sarla Performance Fibers Limited
Statement of changes in equity for the year ended 31st March, 2020

a. Equity Share Capital (note 21)

(Rs in lakhs)	
Particulars	Amount
Balance as at 1st April, 2018	835
Changes in equity share capital during the year 2018-19	-
Balance as at 31st March, 2019	835
Changes in equity share capital during the year 2019-20	-
Balance as at 31st March, 2020	835

b. Other Equity (note 22)

(Rs in lakhs)						
Particulars	Reserves and surplus					Total Equity
	Capital reserve	Securities premium	General reserve	Foreign currency monetary item translation difference account	Retained earnings*	
As at 1st April, 2018	182	4,529	8,274	9	15,851	28,847
Profit for the year 2018-19	-	-	-	-	2,951	2,951
Other comprehensive income for the year 2018-19 (net of tax)	-	-	-	-	(9)	(9)
Addition /(Deletions) during the year	-	-	-	-	-	-
Amortisation during the year	-	-	-	(60)	-	(60)
Total comprehensive income for the year	-	-	-	(60)	2,942	2,881
Dividend	-	-	-	-	(420)	(420)
As at 31st March, 2019	182	4,529	8,274	(51)	18,373	31,307
Profit for the year 2019-20	-	-	-	-	3,454	3,454
Other comprehensive income for the year 2019-20 (net of tax)	-	-	-	-	15	15
Addition /(Deletions) during the year	-	-	-	(57)	-	(57)
Amortisation during the year	-	-	-	72	-	72
Total comprehensive income for the year	-	-	-	15	3,469	3,484
Dividend	-	-	-	-	(417)	(417)
As at 31st March, 2020	182	4,529	8,274	(36)	21,425	34,374

(Rs in lakhs)

Gross Block	Freehold Land	Leasehold Land	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
Balance as at 1st April, 2018	3,306	9	1,708	-	16,154	51	92	21	68	21,409
Additions / Transfers	-	-	114	-	3,147	3	66	8	15	3,353
Deletions	-	-	-	-	(136)	-	-	-	-	(136)
Balance as at 31st March, 2019	3,306	9	1,822	-	19,165	54	158	29	83	24,626
Additions / Transfers	-	-	891	86	1,795	16	76	13	57	2,934
Deletions	-	-	-	-	(17)	-	-	-	-	(17)
Balance as at 31st March, 2020	3,306	9	2,713	86	20,943	70	234	42	140	27,543
Accumulated Depreciation	Freehold Land	Leasehold Land	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipment's	Computers and Software	Total
Balance as at 1st April, 2018	-	1	131	-	2,272	11	34	8	54	2,511
Additions / Transfers	-	-	72	-	1,332	6	20	6	6	1,442
Deletions	-	-	-	-	(74)	-	-	-	-	(74)
Balance as at 31st March, 2019	-	1	203	-	3,530	17	54	14	60	3,879
Additions / Transfers	-	0	94	24	1,587	7	20	13	16	1,762
Deletions	-	-	-	-	(13)	-	-	-	-	(13)
Balance as at 31st March, 2020	-	1	297	24	5,105	24	74	27	76	5,628
Net block as at 31st March, 2019	3,306	8	1,619	-	15,635	37	104	15	23	20,748
Net block as at 31st March, 2020	3,306	8	2,416	62	15,838	46	160	15	64	21,915

Notes:

- (i) Freehold land includes, Land acquired during FY 2016-17 for Rs. 3,029 lakhs which is standing in the name of two directors pending completion of formalities for transfer of the same to the company name.
(ii) Charge has been created over property, plant and equipment's of the company in respect of borrowings (refer note 23)
(iii) Leasehold land represents land taken on finance lease for 20 years.
(iv) Technology Up gradation Fund Scheme subsidy received from government (ministry of textiles) of Rs. 12 lakhs in previous years has been adjusted against additions in plant and equipment's.

5 Capital work in progress

(Rs in lakhs)		
Particulars	As at 31.03.2020	As at 31.03.2019
Capital work in progress	-	1,030
Total	-	1,030

6 Intangible assets

(Rs in lakhs)		
Particulars	Software	Total
Gross Block		
Balance as at 1st April, 2018	22	22
Additions	-	-
Deletions	-	-
Balance as at 31st March, 2019	22	22
Additions	-	-
Deletions	-	-
Balance as at 31st March, 2020	22	22
Accumulated Amortisation		
Balance as at 1st April, 2018	11	11
Additions	7	7
Deletions	-	-
Balance as at 31st March, 2019	18	18
Additions	4	4
Deletions	-	-
Balance as at 31st March, 2020	22	22
Net block as at 31st March, 2019	4	4
Net block as at 31st March, 2020	(0)	(0)

7 Investments in Subsidiaries

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Investments in Equity shares at cost (fully paid)		
Unquoted		
4,35,000 (31st March, 2019: 4,35,000) Shares of USD 1 each of Sarla Overseas Holdings Limited	183	183
9,89,000 (31st March, 2019: 9,89,000) Shares of USD 1 each of Sarlaflex Inc. USA	596	596
Investments in Preference shares at cost (fully paid)		
Unquoted		
11 (31st March, 2019: Nil) 1% redeemable Preference Shares of USD 1,000,000 each of Sarlaflex Inc. USA (Refer below note 2)	7,825	-
Total	8,604	779
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	8,604	779
Aggregate amount of impairment in value of investments	-	-

Note:

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

2. During the year based on request by subsidiary loan amount has been converted into 1% non cumulative redeemable preference Shares which are redeemable after 3 years at the option of issuer.

8 Non current financial assets - Investments

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Unquoted		
Investments in preference shares at FVTPL (fully paid)	-	606
Investments in units of mutual fund at FVTPL (fully paid)	402	372
Investments in debentures at amortised cost (fully paid)	1,055	125
Investments in debentures at FVTPL (fully paid)	123	-
Total	1,580	1,103
Aggregate value of quoted investments	-	-
Aggregate value of unquoted investments	1,580	1,103
Aggregate amount of impairment in the value of investments	-	-

Note:

Mutual funds of Rs. 402 lakhs (as at 31st March, 2019: 372 lakhs) are lien against ECB Term Loan from Standard Chartered Bank. (Refer note 23)

9 Non-current financial assets - Loans

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Security deposits	228	588
Other loans and advance (refer note (i))	249	7,860
Total	477	8,448
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	228	588
Loans which have significant increase in credit risk	249	7,860
Loans - credit impaired	-	-
Total	477	8,448

Note:

(i) Other loans and advance includes loan amount Rs. 249 lakhs (as at 31st March, 2019: Rs. 7,860 lakhs) is given to related party (Refer note 43 and note 7 - Investments in subsidiaries)

10 Non-current financial asset - Others

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed deposits with remaining maturity for more than 12 months	2,054	2,017
Interest Receivable	720	494
Total	2,774	2,511

Note:

Fixed Deposits along with interest accrued there on amounting to Rs. 2,004 lakhs (As at 31st March, 2019 Rs. 1,786 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 27)

11 Non current Tax Assets (Net)

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Taxes paid in advance (Net of Provision for tax)	184	44
Total	184	44

12 Other Non-Current Assets

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good unless stated otherwise		
Capital Advances	286	238
Security Deposits with government authorities	90	90
Advance Lease rental	-	2
Total	376	330

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

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw Materials	734	1,324
Work-In -Progress	741	714
Finished goods	1,995	1,552
Stores and Spares	165	117
Oil & lubricants	82	80
Power & Fuel	13	11
Packing Materials	83	97
Total	3,813	3,895

Note:

- (i) Inventories of Rs. 3,813 lakhs (as at 31st March, 2019: Rs. 3,895 lakhs) are hypothecated against working capital facilities from banks. (refer note 27)
- (ii) There has been no write down of inventories during the year.
- (iii) Finished goods includes stock in transit of Rs. 1 lakhs(as at 31st March 2019: Rs. Nil).

14 Investments

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Quoted		
Investments in Equity shares at FVTPL (fully paid)	26	37
Total	26	37
Aggregate value of quoted investments and market value thereof	26	37
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Note:

Investments of Rs. 26 lakhs (as at 31st March, 2019: 37 lakhs) are hypothecated against working capital facilities from banks. (Refer note 27)

15 Trade Receivables

(Rs in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	9,751	9,049
(c) Trade Receivables which have significant increase in credit risk	221	2
(d) Trade Receivables - credit impaired	-	-
Allowance as per Expected credit loss model	(221)	(2)
Total	9,751	9,049

Note:

(i) Trade receivable includes Rs.2,371 lakhs (As at 31st March, 2019: Rs.2527 lakhs), receivable from subsidiary.

(ii) Trade Receivables of Rs. 9,751 lakhs (as at 31st March, 2019: Rs. 9,049 lakhs) are hypothecated against working capital facilities from banks. (Refer note 27)

(iii) Movement in the expected credit loss allowance

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	2	3
Provision during the year	219	(1)
Balance at the end of the year	221	2

16 Cash & cash equivalents

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and Cash Equivalents		
Balances with Banks	540	388
Cash on Hand	19	23
Total	559	411

17 Bank balances other than Cash & Cash equivalents

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance in unpaid dividend account	78	77
Fixed deposits with remaining maturity for less than 12 months	6,187	4,484
Total	6,265	4,561

Note:

Fixed Deposits along with interest accrued there on amounting to Rs. 2,285 lakhs (As at 31st March, 2019 Rs. 2,484 lakhs) pledged as margin money deposit for facilities from Banks.

18 Loans

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
<u>Others</u>		
Loans to Staff	25	31
Total	25	31
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	25	31
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	25	31

19 Other financial assets

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Interest Receivable	148	80
Derivative financial assets	52	360
Total	200	440

20 Other Current Assets

(Rs in lakhs)		
Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances to Suppliers (For Raw Materials and expenses)	558	409
Goods & Service Tax recoverable	1,643	1,388
Export incentives receivables	45	138
Prepaid Expenses	29	28
Total	2,275	1,963

Equity

21 Equity Share Capital

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorised 100,000,000 (As at 31st March, 2019: 100,000,000) Equity Shares of Re. 1 each	1,000	1,000
Issued, Subscribed and Paid up 83,503,000 (As at 31st March, 2019: 83,503,000) Equity Shares of Re. 1 each fully paid up	835	835
Total	835	835

21.1 Reconciliation of number of equity shares :

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Opening Balance	83503000	835	83503000	835
Changes during the year	-	-	-	-
Closing Balance	83503000	835	83503000	835

21.2 Terms / Rights attached to Equity Shares

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

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

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

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

Shareholders	As at 31st March, 2020	As at 31st March, 2019
Hindustan Cotton Company - through its partners		
No. of Shares	11,164,790	11,164,790
Percentage	13%	13%
Satidham Industries Private Limited		
No. of Shares	23,905,972	23,377,855
Percentage	29%	28%

22 Other Equity

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Capital reserve	182	182
Securities premium	4,529	4,529
General reserve	8,274	8,274
Foreign currency monetary item translation difference account	(36)	(51)
Retained Earnings	21,425	18,373
Total	34,374	31,307

The movement in other Equity:

22.1 Capital reserve

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	182	182
Movement during the year	-	-
Balance as at end of the year	182	182

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

22.2 Securities premium reserve

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	4,529	4,529
Movement during the year	-	-
Balance as at end of the year	4,529	4,529

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

22.3 General reserve

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	8,274	8,274
Movement during the year	-	-
Balance as at end of the year	8,274	8,274

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

22.4 Foreign currency monetary item translation difference account

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	(51)	10
Movement during the year	15	(61)
Balance as at end of the year	(36)	(51)

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

22.5 Retained earnings

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	18,373	15,851
Profit for the year	3,454	2,951
Re measurement of Net defined benefit plans (net of tax)	15	(9)
Dividend (refer note below)	(417)	(420)
Balance as at end of the year	21,425	18,373

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

Dividend

Particulars	Year 2019-20	Year 2018-19
Dividend on equity shares paid during the year		
Final dividend for the F.Y. 2018-19 (Rs. 1.10 (previous year Rs. 1.10) per equity share of Re. 1 each)	919	919
Less: Dividend waived by promoters	(502)	(499)
Total	417	420

Proposed Dividend:

The Board of Directors at its meeting held on 24th July, 2020 have recommended a payment of final dividend of Rs. Nil (Previous year Rs. 1.10) per equity share of face value of Re. 1 each for the financial year 31st March, 2020.

23 Non-current borrowings

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Term loans:		
Secured Loans - From Banks		
Yes Bank (Rupee Term Loan) (refer note (ii))	-	1,500
Indusind Bank (Rupee term loan) (refer note (ii))	1,300	1,400
Standard Chartered Bank (Foreign Currency Loan) (refer note (iii & iv))	5,217	3,065
Yes Bank (Rupee Term Loan) for Vehicle (refer note (v))	71	44
Total	6,588	6,009

Note:

Nature of security	Terms of repayment
(i) Lien on Fixed Deposits of Rs. 1,500 lakhs with Yes Bank Ltd	Term loan of Rs. 1,500 lakhs is bullet repayment after 60 months (Date: 10th March, 2021)
(ii) Lien on Fixed Deposits of Rs. 1,500 lakhs with Indusind Bank Ltd	Term loan of Rs. 1,500 lakhs is repayable Every year payment of Rs. 50 lakhs from 1st to 4th year end and balance of Rs. 1300 lakhs in 5th year. Repayment starting from may 2017
(iii) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Lien on marketable securities of INR 1,87,60,000 in the form of debt mutual funds	Term loan of USD 40,00,000 is repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016
(iv) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) (i) First pari passu charge on the movable fixed assets (P&M) of Dadra Plant. (ii) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Cash Margin in form of FD equivalent of two quarters of Interest and principal repayment (~ INR 350 lakhs)	Term loan of EURO 35,00,000 is repayable in 16 equal quarterly installment of EURO 2,18,750 each till Jan 2024. Repayment starting from May 2020 Term loan of EURO 45,00,000 is repayable in 16 equal quarterly installment of EURO 2,81,250 each till June 2024. Repayment starting from Sep 2020.
(v) Specific charge on Vehicle financed by the Bank.	1. Term loan of INR 52,00,000 is repayable in 60 equated monthly installment of INR 1,05,687 each till April 2023. Repayment starting from May 2018. 2. Term loan of INR 59,00,000 is repayable in 60 equated monthly installment of INR 1,21,759 each till December 2024. Repayment starting from Jan 2020.

24 Other financial liabilities

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Lease Liability	7	-
Total	7	-

25 Provisions

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits (Refer note 42)		
Gratuity	123	96
Total	123	96

26 Tax Expense And Deferred Tax Liabilities (Net)

(a) Amounts recognized in profit and loss

Particulars	(Rs in lakhs)	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current tax expense (A)		
In respect of current year	1,031	961
	1,031	961
Deferred tax expense (B)		
In respect of current year	(799)	321
	(799)	321
Mat credit entitlement (C)	-	-
Adjustment for earlier years (D)	-	-
Tax expense recognized in the income statement (A+B+C+D)	232	1,282

(b) Amounts recognized in other comprehensive income

Particulars	(Rs in lakhs)	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(6)	5
Items that will be reclassified to profit or loss		
Foreign exchange differences in translating financial statements of foreign operations	-	-
	(6)	5

(c) Reconciliation of effective tax rate

Particulars	(Rs in lakhs)			
	For the year ended 31st March, 2020		For the year ended 31st March, 2019	
	%	Amounts	%	Amounts
Profit before tax		3,686		4,233
Tax using the Company's domestic tax rate	29.12%	1,074	34.94%	1,479
Tax effect of:				
Disallowable expenses	0.26%	10	0.22%	9
Income / Expenses not considered in Income Tax Act	0.00%	-	-0.67%	(28)
Tax-exempt income	0.00%	(0)	-0.26%	(11)
Tax holidays and similar exemptions	-3.74%	(138)	-1.98%	(84)
Tax paid at lower rate	-1.52%	(56)	-1.96%	(83)
Other non deductible differences	0.03%	1	-0.01%	(0)
Tax Rate Reduction	-16.23%	(598)		
Others	-0.50%	(19)		
	7.41%	274	30.29%	1,282
MAT credit recognised on utilisation	-0.94%	(35)	0.00%	-
Adjustment for earlier years	-0.18%	(7)	0.00%	-
Effective income tax rate	6.29%	232	30.29%	1,282

(d) Movement in deferred tax**(Rs in lakhs)**

Particulars	As at 31st March, 2020						
	Net balance April 1, 2019	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax (Asset)/Liabilities							
Property, plant and equipment	(3,351)	511	-	-	(2,840)	-	(2,840)
Investments in Mutual Funds	(25)	17	-	-	(8)	-	(8)
Employee benefits	12	35	(6)	-	41	41	-
Investments in Equity Shares	2	(2)	-	-	-	-	-
Investments in Preference Shares and Debentures	(25)	24	-	-	(1)	-	(1)
Derivatives	(143)	128	-	-	(15)	-	(15)
Foreign currency monetary item translation difference account	1	(11)	-	-	(11)	(11)	-
Security Deposits	(0)	1	-	-	1	1	-
Trade receivables	1	63	-	-	64	64	-
	(3,528)	765	(6)	-	(2,769)	95	(2,864)
MAT credit entitlement	356	34	-	-	390	390	-
Less: MAT credit utilised	-	-	-	-	(390)	(390)	-
Tax assets (Liabilities)	(3,172)	799	(6)	-	(2,769)	95	(2,864)

(Rs in lakhs)

Particulars	As at 31st March, 2019						
	Net balance April 1, 2018	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Property, plant and equipment	(3,244)	(107)	-	-	(3,351)	-	(3,351)
Investments in Mutual Funds	(19)	(6)	-	-	(24.97)	-	(25)
Employee benefits	46	(39)	5	-	12	12	-
Investments in Equity Shares	3	(1)	-	-	2	2	-
Investments in Preference Shares	-	(25)	-	-	(25)	-	(25)
Derivatives	-	(143)	-	-	(143)	-	(143)
Foreign currency monetary item translation difference account	1	-	-	-	1	1	-
Trade receivables	1	(0)	-	-	1	1	-
	(3,211)	(321)	5	-	(3,528)	16	(3,544)
MAT credit entitlement	411	-	-	-	411	411	-
Less: MAT credit utilised	-	-	-	-	(56)	(56)	-
Tax assets (Liabilities)	(2,799)	(321)	5	-	(3,172)	371	(3,544)

27 Borrowings

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Loans Repayable on Demand - From Banks		
Secured		
Packing Credit (refer note no. (i),(ii) & (iii))	6,635	7,525
Foreign Bill Discounting (refer note no. (i),(ii) & (iii))	127	927
Overdraft account (refer note no. (i))	107	-
Total	6,869	8,452

Note:

Term of repayment and securities for current borrowings

All the working capital facilities are secured against:

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

28 Trade payables

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Trade payables:		
Total outstanding dues of Micro and small enterprises	-	-
Total outstanding dues of creditors other than Micro and small enterprises	790	1,435
Total	790	1,435

Note:

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

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Principal amount due and remaining unpaid	-	-
Interest due and unpaid on the above amount	-	-
Interest paid by the Company in terms of section 16 of the Micro, Small and Medium enterprises Act, 2006	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable	-	-
Total	-	-

29 Other financial liabilities

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Current maturities of long term debts	3,375	692
Creditors for Capital goods	1,611	1,437
Unpaid dividend (refer note (i) & (ii))	78	77
Salaries , wages & other payable	80	85
Bank overdraft	158	455
Lease Liability	20	-
Others	1,024	952
Total	6,346	3,698

Note:

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

(ii) Amount of Rs. 6 lakhs (As at 31st March, 2019: 5 lakhs) is transferred to Investor Education and Protection Fund during the year.

30 Other current liabilities

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Revenue received in advance		
Advance from customers	97	144
Others		
Statutory dues	22	32
Total	119	176

31 Provisions

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits (Refer note 42)		
Gratuity	45	45
Leave Encashment	24	7
Bonus	14	13
Total	83	65

32 Current Tax Liabilities

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Provision for Tax (Net of taxes paid in advance)	-	139
Total	-	139

33 Revenue From Operations

Particulars	For the year ended 31/03/2020	For the year ended 31/03/2019
Sale of Products/ Services	29,762	31,564
Other Operating Revenues	70	68
Revenue from operations	29,832	31,632

Ind AS 115 Disclosures

Particulars	For the year ended 31/03/2020	For the year ended 31/03/2019
1 Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
Revenue from contracts with customers		
(Transferred at point in time)		
Sale of yarns	29,012	30,877
Sale of wind power	750	687
	29,762	31,564
Other Operating Revenues	70	68
Total revenue from contracts with customers	29,832	31,632
2 Disaggregate Revenue		
The table below presents disaggregated revenues of the Company from contracts with customers by geography/ offerings/ contract-type/market . The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.		
Total revenue from contracts with customers		
Yarn		
India	10,327	11,509
Export (Including deemed export)	18,755	19,436
Wind Power		
India	750	687
Total	29,832	31,632
3 Reconciliation between revenue with customers and contracted price:		
Revenue as per contracted price	29,989	31,714
Less: Adjustments		
Sales return	(88)	(49)
Discounts/ Rebates	(69)	(33)
Revenue from contracts with Customers	29,832	31,632
4 Sales by performance obligations		
Upon Shipment	29,082	30,945
Upon Delivery	-	-
Upon Transmission into grid	750	687
Total	29,832	31,632

5	Contract balances		
	The following table provides information about receivables from contracts with customers:		
	Particulars	For the year ended 31/03/2020	For the year ended 31/03/2019
(a)	Trade receivables	9,972	9,051
	Allowance as per Expected credit loss model	(221)	(2)
	Total	9,751	9,049
	Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days.		
(b)	Contract liability		
	Advances from Customers	97	144
	The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2020.		

34 Other Income

Particulars	For the year ended 31/03/2020	For the year ended 31/03/2019
<u>a) Interest income</u>		
Instruments measured at amortised costs		
- on fixed deposits with bank	760	493
- others	69	17
<u>b) Dividend Income</u>		
- Dividend Income from Current investments at FVTPL	1	31
- Dividend Income from non current investments in Subsidiaries	430	427
<u>c) Other non-operating Income (Net of expenses directly attributable to such income)</u>		
- Gain on disposal of property, plant and equipment	4	30
- Fair valuation gain on Investments	24	129
- gain or loss on foreign currency transaction and translation (net)	94	496
- Provision for doubtful receivables written back	-	1
- Duty Drawback & Rebate	413	184
- Miscellaneous Income	9	1
Total	1,804	1,809

35 Cost of material consumed

Particulars	For the year ended 31/03/2020	For the year ended 31/03/2019
Inventories at the beginning of the year	1,324	1,982
Purchases	13,743	16,953
Inventories at the end of the year	(734)	(1,324)
Total	14,333	17,611

36 Changes in inventories of finished goods and work in progress

Particulars	For the year ended 31/03/2020	For the year ended 31/03/2019
Closing inventories		
Work-in-progress	741	714
Finished goods	1,995	1,552
Opening inventories		
Work-in-progress	714	769
Finished goods	1,552	1,232
Total	(470)	(265)

37 Employee benefits expense

Particulars	For the year ended 31/03/2020	For the year ended 31/03/2019
Salaries and wages, bonus etc.	1,166	1,007
Contribution to provident and other funds	132	98
Staff welfare expenses	48	45
Total	1,346	1,150

38 Finance costs

Particulars	For the year ended 31/03/2020	For the year ended 31/03/2019
a) Interest on financial liabilities carried at amortised cost		
Interest on borrowings	393	309
Exchanges differences regarded as an adjustment to borrowing costs	381	70
Interest expense on lease liability	3	-
b) Other interest cost		
Interest on Income tax	4	3
c) Other borrowing costs	182	345
Total	963	727

39 Depreciation and amortisation expenses

Particulars	For the year ended 31/03/2020	For the year ended 31/03/2019
Depreciation on property, plant and equipment	1,738	1,441
Depreciation charged for right of use assets - building	24	-
Amortisation of intangible assets	4	7
Total	1,766	1,448

40 Other expenses

Particulars	For the year ended 31/03/2020	For the year ended 31/03/2019
Consumption of stores and spare parts	328	289
Power and fuel	2,167	1,672
Consumption of packing materials	1,417	1,509
Consumption of oils and chemicals	456	532
Labour charges	2,014	1,763
Repairs and Maintenance:		
- Building	145	63
- Machinery	160	142
- Others	104	74
Water, waste and effluent treatment charges	98	75
Rent	-	18
Insurance	76	31
Director sitting fees	2	3
Legal, professional and consultancy charges	151	109
Bank charges	97	87
Corporate Social Responsibility Expenses	65	38
Miscellaneous expenses	950	514
Loss on sale of current investments	-	24
Payments to auditor:		
- Audit fees	8	8
- for tax audit and certification	8	9
- for other services	2	0
Freight and forwarding charges	983	979
Commission on sales	562	598
Provision for doubtful receivables	219	-
Total	10,012	8,537

Sarla Performance Fibers Limited
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41 Earnings per share (EPS)

(Rs in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit for the year	3,454	2,951
Equity shares outstanding at the beginning and at the end of the year - (Nos)	83,503,000	83,503,000
Nominal value of each share (in Re.)	1	1
Basic and Diluted earning per share	4.14	3.53

Sarla Performance Fibers Limited
Notes Forming Part of Financial Statements

42 Employee benefits

A Defined Contribution plans:

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

Contribution to provident fund of Rs. 48 lakhs (31st March, 2019: Rs. 36 lakhs) is recognised as an expense and included in "Contribution to provident and other funds" in Statement of Profit and Loss.

B Defined benefit plans:

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

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

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

Reconciliation in present value of obligations (PVO)		(Rs in lakhs)	
Particulars	As at 31st March, 2020	As at 31st March, 2019	
PVO at the beginning of the year	267	232	
Interest cost	20	18	
Current service cost	37	28	
Benefits paid	(21)	(25)	
Actuarial (Gains)/Losses	(23)	14	
PVO at the end of the year	280	267	
Reconciliation of Fair value of plan assets:		(Rs in lakhs)	
Particulars	As at 31st March, 2020	As at 31st March, 2019	
Fair value of plan assets at the beginning of the year	126	129	
<u>Adjustments:</u>			
Return on plan assets excl. interest income	(1)	(0)	
Interest income	9	10	
Contributions by the employer	-	12	
Benefits paid	(21)	(25)	
Fair value of plan assets at the end of the year	113	126	
Net Liabilities / (Assets) recognised in the balance sheet:		(Rs in lakhs)	
Particulars	As at 31st March, 2020	As at 31st March, 2019	
PVO of the defined benefit obligation at the end of period	280	267	
Fair value of planned assets at end of year	(113)	(126)	
Net liabilities / (Assets) recognised in the balance sheet	167	141	
Amount recognised in Statement of Profit and Loss		(Rs in lakhs)	
Particulars	2019-2020	2018-2019	
Current service cost	37	28	
Net interest	11	8	
Net charge to the statement of profit or loss	48	36	
Amount recognised in Other Comprehensive Income (OCI)		(Rs in lakhs)	
Particulars	2019-2020	2018-2019	
Actuarial (Gain)/Loss recognised for the period	(23)	14	
Return on plan assets excluding net interest	1	0	
Recognised in OCI for the year	(22)	14	

Expected Payout		(Rs in lakhs)	
Year	2019-2020	2018-2019	
Expected Outflow in 1st Year	45	21	
Expected Outflow in 2nd Year	2	2	
Expected Outflow in 3rd Year	11	11	
Expected Outflow in 4th Year	15	10	
Expected Outflow in 5th Year	12	6	
Expected Outflow in 6th to 10th Year	171	134	
The weighted average duration of the defined benefit plan obligations at the end of reporting period is 26 years			
Major category of plan assets as a % of total plan			
The plan assets are being managed by LIC. No further details are made available by the fund manager. (LIC)			
Sensitivity analysis			
Significant actuarial assumptions for the determination of defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.			
		(Rs in lakhs)	
Particulars	As at 31st March, 2020	As at 31st March, 2019	
Impact on present value of defined benefit obligation:			
If discount rate is increased by 1%	(8)	(18)	
If discount rate is decreased by 1%	9	21	
If salary escalation rate is increased by 1%	8	20	
If salary escalation rate is decreased by 1%	(7)	(18)	
The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.			
There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.			
Principal Actuarial Assumptions		(Rs in lakhs)	
Particulars	As at 31st March, 2020	As at 31st March, 2019	
Discount Rate	6.75%	7.50%	
Expected return on plan assets	8	10	
Expected rate of salary increase	7.00%	8.50%	
Employee attrition rate	20.00%	5.00%	
Mortality	Indian Assured Lives (2012-14)	Indian Assured Lives (2006-08)	

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

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

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

C Other short term and long term employment benefits

Short term leave

The liability towards compensated absences (annual and short term leave) for the year ended 31 March 2020 of Rs.24 lakhs (31 March 2019: Rs.7 lakhs), is included in the 'Employee benefits expense' in the Statement of Profit and Loss.

Sarla Performance Fibers Limited
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43 Related party disclosures

1 Relationships

(a) Subsidiaries

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

(b) Fellow subsidiary

Sarla Europe,Lda - Step down Subsidiary Company

(c) Joint Ventures of Subsidiary

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

(d) Entities controlled by Key Managerial Personnel

Satidham Industries Private Limited
Hindustan Cotton Company

(e) Key Managerial Personnel

(i) Executive Director

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

(ii) Non Executive Director

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

2 Details of transactions with above related parties

Nature of Transaction	(Rs. In lakhs)							
	Subsidiaries		Fellow subsidiary		Entities controlled by Key Managerial Personnel		Key Managerial Personnel	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
(a) Unsecured Loan converted in to preference shares Sarlaflex Inc.	7,825	-	-	-	-	-	-	-
(b) Remuneration * Madhusudan Jhunjhunwala - Chairman	-	-	-	-	-	-	138	138
Krishna Jhunjhunwala - Managing Director	-	-	-	-	-	-	138	138
(c) Sitting Fees Shreya Desai - Independent and Non Executive Director	-	-	-	-	-	-	1	1
Parantap Dave - Independent and Non Executive Director	-	-	-	-	-	-	1	1
Neha Jhunjhunwala - Non Executive Director	-	-	-	-	-	-	1	1
Jigar A Shah - Independent and Non Executive Director	-	-	-	-	-	-	-	1
(d) Commission paid Sarla Europe, Lda	192	228	-	-	-	-	-	-
(e) Sale of Goods Sarla Overseas Holding Limited	2,437	3,357	-	-	-	-	-	-
(f) Dividend Received Sarla Overseas Holding Limited	430	420	-	-	-	-	-	-

* Managing Director's remuneration is Rs. 138 lakhs (as at 31st March, 2019: 138 lakhs) and whole time Director's remuneration is Rs. 138 lakhs (as at 31st March, 2019: 138 lakhs)is in accordance with section 197(12) of Act and Rules thereunder.

Key management personnel compensation			(Rs. In lakhs)
Particulars	2019-2020	2018-2019	
Short-term employee benefits	276	276	
Others (including sitting fees to non-executive directors)	2	3	

3 Balances Outstanding**(Rs. In lakhs)**

Nature of Transaction	Subsidiaries	
	As at 31st March, 2020	As at 31st March, 2019
(a) Investment in Shares		
Sarla Overseas Holding Limited	183	183
Sarlaflex Inc.-Equity	597	597
Sarlaflex Inc.-Preference	7,825	-
(b) Unsecured Loan Given		
Sarlaflex Inc.	249	7,860
(c) Trade Receivables		
Sarla Overseas Holding Limited	2,371	2,527

Notes:

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

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

(c) No expense has been recognised for the year ended 31st March 2020 and 31st March 2019 for bad or doubtful trade receivables in respect of amounts owed by related parties.

Sarla Performance Fibers Limited
Notes Forming Part of Financial Statements

44 Segment information

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

45.1 Contingent liabilities not provided for:

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

Claim against Company not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs.963 lakhs (As at 31st March, 2019: Rs. 2,280 lakhs).

The Differential CST liability in respect of Non Collection of C Forms of Rs. 42 lakhs (As at 31st March, 2019: Rs. 42 lakhs).

(b) Guarantees excluding financial guarantees:

Bank Guarantees issued by Banks on behalf of the company Rs.622 lakhs (As at 31st March, 2019: Rs. 603 lakhs). These are secured by the charge created in favor of the company's bankers by way of pledge of all Fixed Deposit Receipts.

45.2 Capital Commitments

Particulars	(Rs. In lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
For capital expenditures (net of advances)	314	470

Sarla Performance Fibers Limited
Notes Forming Part of Financial Statements

46 Financial instruments

A Capital Management:

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

The capital structure of the Company consists of net debt (borrowings as detailed in notes 23, 27 and 29) and total equity of the Company.

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

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

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Non-current borrowings	6,588	6,009
Current maturities of non-current borrowings	3,375	692
Current borrowings	6,869	8,452
Total Debt	16,832	15,153
Equity	35,209	32,142
Net debt to equity ratio	0.48	0.47

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

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

i) Classification of Financial Assets and Liabilities:

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Financial assets		
At Amortised cost		
Investments in Debentures	1,055	125
Trade receivables	9,751	9,049
Cash and cash equivalents	559	411
Bank balances other than above	6,265	4,561
Other financial assets	3,424	11,070
At Fair value through Profit and Loss		
Investments in equity shares	26	37
Derivative contracts	52	360
Investments in preference shares	-	606
Investments in Debentures	123	-
Investments in Mutual Funds	402	372
Total	21,657	26,591
Financial liabilities		
At Amortised cost		
Borrowings	13,456	14,461
Trade payables	790	1,435
Other Financial liabilities (including derivative financial liabilities)	6,353	3,699
Total	20,599	19,595

ii) Fair Value Measurements (Ind AS 113):

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

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

- Level 1 : This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares which are traded on the stock exchanges, is valued using the closing price at the reporting date.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Particulars	(Rs in lakhs)	
	Fair Values	
	As at 31st March, 2020	As at 31st March, 2019
Financial Assets at Fair Value through Profit and Loss		
Investments in equity shares (Level 1)	26	37
Derivative contracts (Level 2)	52	360
Investments in preference shares (Level 2)	-	606
Investments in debentures (Level 2)	123	
Investments in Mutual Funds (Level 2)	402	372
Total	603	1,375

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

During the reporting period ending 31st March, 2020 and 31st March, 2019, there was no transfer between level 1 and level 2 fair value measurement.

Key Inputs for Level 1 and 2 Fair valuation Technique:

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

Sarla Performance Fibers Limited
Notes Forming Part of Financial Statements

47 Financial risk management objectives (Ind AS 107)

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

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

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

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

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

A Credit risk

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

Trade and other receivables

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

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

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

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

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
0-180 days	8,168	8,032
181-365 days	1,583	1,015
Above 365 days	221	4
Total	9,972	9,051

Movement in provisions of doubtful debts

Particulars	(Rs in lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Balance at beginning of the year	2	3
Movement in expected credit loss allowance	219	(1)
Balance at end of the year	221	2

Loans

The Company has given interest free unsecured loan to subsidiary, Sarlaflex Inc. The subsidiary has suspended its manufacturing operations since December, 2017 and has a negative net worth as on 31st March 2020. The management is confident that with the recent trade sanctions being imposed in the US, the operations of the subsidiary will be profitable. The management is monitoring the situation on a continuous basis.

Other financial assets

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

Sarla Performance Fibers Limited
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B Liquidity risk

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

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

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

Maturity analysis of significant financial liabilities

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Carrying amount	Contractual cash flows		Carrying amount	Contractual cash flows	
		Upto 1 year	More than 1 year		Upto 1 year	More than 1 year
Financial liabilities						
Borrowings (including Current Maturities of Long-Term Debts)	16,832	10,244	6,588	15,153	9,144	6,009
Trade and other payables	790	790	-	1,435	1,435	-
Other financial liabilities (including derivative financial liabilities)	2,978	2,978	-	3,007	3,007	-
	20,600	14,012	6,588	19,595	13,586	6,009

C Market risk

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

i Currency Risk

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

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

Exposure to currency risk

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

Particulars	As at 31st March , 2020			As at 31st March , 2019		
	USD	GBP	EURO	USD	GBP	EURO
Financial assets						
Cash and cash equivalents	457	32	20	279	-	20
Trade receivables	5,903	153	1,402	5,474	228	1,053
Loans	249	-	-	7,860	-	-
Less: Foreign currency forward exchange contracts	(1,583)	(3,258)	(5,814)	(1,729)	(543)	(3,108)
Net exposure for assets	5,026	(3,073)	(4,392)	11,884	(315)	(2,035)
Financial liabilities						
Foreign Currency Loans	377	-	6,644	1,038	-	2,720
Short term borrowings	597	-	6,166	7,140	-	1,312
Trade and other payables	576	2	21	1,200	-	17
Less: Foreign currency forward exchange contracts	(151)	(186)	(83)	-	-	-
Net exposure for liabilities	1,399	(184)	12,748	9,378	-	4,049
Net exposure (Assets - Liabilities)	3,627	(2,889)	(17,140)	2,506	(315)	(6,084)

Sensitivity analysis

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

Impact on profit or loss

(Rs in lakhs)				
Movement in currency (Before tax)	Increase in Exchange rate by 5%		Decrease in Exchange rate by 5%	
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019	For the year ended 31st March, 2020	For the year ended 31st March, 2019
USD	181	125	(181)	(125)
GBP	(144)	(16)	144	16
EURO	(857)	(304)	857	304

II Interest rate risk

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

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

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

Interest Rate Exposure:

(Rs in lakhs)		
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Term loans - long term		
Floating Rate Borrowings	1,948	1,038
Fixed Rate Borrowings	8,015	5,663
Short term borrowings	6,869	8,452
	16,832	15,153

Interest rate sensitivities for floating rate borrowings :

(Rs in lakhs)				
Movement in rate	Increase in interest rate by 0.25%		Decrease in interest rate by 0.25%	
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Term loans - long term	5	3	(5)	(3)
Short term borrowings	17	21	(17)	(21)

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

48 Right to use of lease assets

(Rs in lakhs)

I	Leases The Company has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (April 1, 2019). Accordingly, previous year information has not been restated. Also refer Note 3.1 of the financial statements.	
	Disclosure in respect of operating lease (as Lessee):	
	Additions to right of use assets during the reporting year ended 31 March 2020 and its carrying value as on that date	
	Particulars	2019-20
	Addition of right-of-use assets that do not meet the definition of investment property	
	Buildings	86
	Total	86
	Depreciation charged during the current year	
	Buildings	24
	Total	24
	Carrying value of Right-of-use assets	
	Buildings	62
	Total	62
	(b) Maturity Analysis of Lease liabilities	
	Maturity analysis – contractual undiscounted cash flows	As at 31st March, 2020
	Less than one year	22
	One to five years	5
	More than five years	5
	Total undiscounted lease liabilities for the year ended	32
	Lease liabilities included in the statement of financial position	
	Current	20
	Non-current	7
	(c) Amounts recognised in the statement of profit or loss	
	Particulars	2019-20
	Depreciation	24
	Interest on lease liabilities (included in finance cost)	3
	The expense relating to short-term leases accounted for applying paragraph 6. This expense need not include the expense relating to leases with a lease term of one month or less	-
	The expense relating to leases of low-value assets accounted for applying paragraph 6. This expense shall not include the expense relating to short-term leases of low-value assets included in paragraph 53(c)	-
	The expense relating to variable lease payments not included in the measurement of lease liabilities	-
	Income from subleasing right-of-use assets	-
	Gains or losses arising from sale and leaseback transactions	-
	(d) Amount recognised in the statement of cash flows	
	Particulars	2019-20
	Total cash outflow for leases (excluding variable lease payments, short-term leases, leases of low-value assets)	22
	Transition	
	1. Applied a single discount rate to a portfolio of leases.	
	2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.	

49 CSR Expenditure

a) Gross amount required to be spent by the Company during the year – Rs. 88 lakhs (31st March, 2019: Rs. 99 lakhs)

b) Amount spent during the year

(Rs in lakhs)

Particulars	For the year ended 31st March, 2020			For the year ended 31st March, 2019		
	Paid before the year end	Yet to be paid	Total	Paid before the year end	Yet to be paid	Total
Amount spent during the year - Expenditure on Corporate Social Responsibility	65	23	88	38	61	99

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

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

(Rs in lakhs)

Particulars	Relationship	31.03.2020	31.03.2019
Name of the loanee - Sarlaflex Inc.			
In respect of Inter Corporate Deposits	Wholly owned Subsidiary		
Amount as at year end		249	7,860
Maximum amount outstanding		7,860	7,860

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

Name of the Party	Nature	Amount	Purpose
Sarla Overseas Holding Ltd	Investments in Equity Shares	183	Capital Investment
Sarlaflex Inc.	Investments in Equity Shares	596	Capital Investment
Sarlaflex Inc.	Investments in Preference Shares	7,825	Capital Investment
Sarlaflex Inc.	Inter - Corporate Loans	249	Capital Expenditure and Working Capital

51 The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of the liability. For the current financial year, the impact on account of above (net of depreciation and amortization) is decrease in profit before tax of Rs. 76 lakhs (in Previous year decrease in profit Rs. 51 lakhs). The net loss remaining unamortized under Foreign Currency Monetary Item Translation Difference Account as at 31st March 2020 is Rs. 36 lakhs (net loss as at 31st March 2019 Rs. 51 lakhs).

52 Events after the reporting period

No adjusting or significant non - adjusting events have occurred between the reporting date (31st March, 2020) and the report release date (24th July, 2020) except for proposed dividend as disclosed in note 22.5.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SARLA PERFORMANCE FIBERS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the accompanying consolidated financial statements of Sarla Performance Fibers Limited ("the Holding Company") and its subsidiaries listed in Annexure (the Holding Company and Subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2020, the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of Changes in Equity and the consolidated Cash Flows statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by other auditors, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in

the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the consolidated state of affairs (consolidated financial position) of the Group as at 31st March, 2020, of the consolidated profit and consolidated total comprehensive income (consolidated financial performance), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

Sarlaflex, Inc., the wholly owned subsidiary having total assets of INR.16,070 lakhs has suspended manufacturing operations since December, 2017 and has a negative net worth as on 31st March, 2020. These conditions raise substantial doubt about its ability to continue as a going concern.

In the absence of any impairment testing by management for these assets during the year, we are unable to comment on the impact, if any, on the total comprehensive income and retained earnings in the

consolidated financial statements (refer note 52 of consolidated financial statements).

Our report for previous year was also qualified in respect of the above matter.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act except as mentioned in Emphasis of Matters para below. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of consolidated financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on consolidated financial statements.

Emphasis of Matters

- a) We draw attention to note no 51 of the Consolidated Financial Statements, wherein it is mentioned that three Joint Ventures are not consolidated on account of non-resolution of disputes, or non-receipt of financial statements for the year

ended 31st March, 2020. Though these investments have been tested for impairment and necessary provisions have been made in FY 2017-18 on transition to Ind AS, we are unable to comment about impact of the same on the Consolidated Statement of Profit and Loss.

- b) On account of our inability to conduct a physical verification as on 31st March, 2020 owing to the lockdown restrictions imposed by the Government as well as absence of the said verification procedures undertaken by the company, we have relied on details as provided by the management and related adjustments to confirm the existence and condition of inventory at the year-end;

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31st March, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the audit of the consolidated financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of

procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our qualified audit opinion on the accompanying consolidated financial statements.

Sr. no.	Key Audit Matter	Auditor's Response
1.	<p>Litigations, Provisions and contingent liabilities</p> <p>The Holding Company has litigations which also include matters under dispute involving significant management judgement and estimates on the possible outcome of the litigations and consequent provisioning thereof or disclosure as contingent liabilities.</p> <p>Refer Note 45.1 to the consolidated financial statements.</p>	<p><u>Principal Audit Procedures</u></p> <p>As part of audit process, we obtained from the Holding Company's management details of matters under disputes including ongoing and completed tax assessments, demands and litigations.</p> <p>Our audit approach for the above consists of the following audit procedures:</p> <ul style="list-style-type: none"> • Evaluation and testing of the design of internal controls followed by the Holding Company relating to litigations and open tax positions for indirect taxes and process followed to decide provisioning or disclosure as Contingent Liabilities; • Discussed with Holding Company's legal team and taxation team for sufficient understanding of on-going and potential legal matters impacting the Company.

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

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company's Board's Report

including Annexures to Board's Report, Corporate Governance Report and Shareholder's information, but does not include the consolidated financial statements and our auditor's report thereon. The above reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements in terms of requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total Comprehensive Income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India including the Indian Accounting Standards specified under section 133 of the Act. The

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

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

The respective Board of Directors of the companies included in Group are also responsible for overseeing the financial reporting process of each Company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls as applicable.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the consolidated financial statements, of which we are independent auditors. For other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of a stepdown subsidiary included in the consolidated financial statements, whose

financial statements reflect total assets of INR. 248 lakhs, total liabilities of INR.284 lakhs as at 31st March, 2020, total revenue of INR. 282 lakhs and total comprehensive loss of INR. 58 lakhs for the year ended 31st March, 2020 as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this step down subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid step down subsidiary, is based solely on the reports of the other auditors.

This step down subsidiary is located outside India whose financial statements and other financial information has been prepared in accordance with accounting principles generally accepted in its country and which have been audited by other auditor under generally accepted auditing standards applicable in its country. The Company's management has converted the financial statements of such step down subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion, in so far as it relates to the balances and affairs of such step down subsidiary is based on the report of other auditor and conversion adjustments prepared by the management of the Company and audited by us;

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books of account;
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of

account maintained for the purpose of preparation of the consolidated financial statements;

- d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) The matters described under the Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;
- f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- g) As per the Guidance Note on 'Audit of Internal Financial Controls over Financial Reporting' issued in September 2015 by ICAI, since there are no subsidiaries incorporated in India, no reporting on the adequacy of the internal financial controls with reference to financial statements of the said subsidiaries and the operating effectiveness of such controls is required. With respect to the adequacy of the internal financial controls with

reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our report in Annexure 'B' of the standalone financial statements;

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 45.1 to the consolidated financial statements;
 - ii. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph the group has made provision in the consolidated financial statements, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.
- 2. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the

year is in accordance with the provisions of section 197 of the Act.

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

Himanshu Kishnadwala
Partner
Membership No.: 37391
UDIN: 20037391AAAADQ3586

Place: Mumbai
Date: 24th July, 2020

Annexure to the Auditor's Report:

Subsidiaries (held directly)

- a. Sarla Overseas Holding Limited
- b. Sarlaflex Inc

Subsidiaries (held indirectly)

- a. Sarla Europe, Lda
- b. Sarlaflex LLC
- c. Sarla Estate LLC
- d. Sarla Leverage Lender LLC

Joint Ventures (held indirectly)

- a. Savitex SA De C. V. Honduras;
- b. MRK SA De C. V. Honduras;
- c. Sarla Tekstil Filament Sanayi Ticaret A.S.

Sarla Performance Fibers Limited
Consolidated Balance Sheet as at 31st March, 2020

		Rs in lakhs		
	Particulars	Note No	As at 31st March, 2020	As at 31st March 2019
I	ASSETS			
(1)	Non-current assets			
	(a) Property, Plant and Equipment	4	26,342	25,542
	(b) Capital Work in progress	5	-	1,030
	(c) Intangible assets	6	-	4
	(d) Intangible assets under development		79	-
	(e) Investments in Subsidiaries	7	-	-
	(f) Financial Assets			
	(i) Investments	8	8,458	7,414
	(ii) Loans	9	749	1,066
	(iii) Other financial assets	10	2,774	2,511
	(g) Non current Tax Assets (Net)	11	184	44
	(h) Deferred Tax Assets (Net)	26	358	328
	(i) Other non-current assets	12	2,898	2,272
	Total non-current assets		41,842	40,211
(2)	Current assets			
	(a) Inventories	13	5,296	5,759
	(b) Financial Assets			
	(i) Investments	14	26	37
	(ii) Trade receivables	15	9,091	8,024
	(iii) Cash and cash equivalents	16	687	630
	(iv) Bank balances other than (iii) above	17	6,265	4,561
	(v) Loans	18	128	127
	(vi) Other financial assets	19	201	440
	(c) Other current assets	20	2,318	2,014
	Total current assets		24,012	21,592
	Total Assets		65,854	61,803
II	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share capital	21	835	835
	(b) Other Equity	22	30,984	28,326
	Equity attributable to equity share holders		31,819	29,161
	Non-controlling interests		7	25
	Total equity		31,826	29,186
	Liabilities			
(1)	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	23	16,403	14,998
	(ii) Other financial liabilities	24	7	78
	(b) Provisions	25	123	96
	(c) Deferred tax liabilities (Net)	26	2,769	3,172
	Total non-current liabilities		19,302	18,344
(2)	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	27	6,869	8,454
	(ii) Trade payables	28	-	-
	(A) total outstanding dues of micro enterprises and small enterprises		1,146	1,579
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
	(iii) Other financial liabilities	29	6,346	3,698
	(b) Other current liabilities	30	282	338
	(c) Provisions	31	83	65
	(d) Current Tax Liabilities (Net)	32	-	139
	Total current liabilities		14,726	14,273
	Total Equity and Liabilities		65,854	61,803

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 24th July, 2020

Place: Mumbai
Date: 24th July, 2020

Sarla Performance Fibers Limited
Consolidated Statement of profit and loss for the year ended 31st March, 2020

			Rs in lakhs	
Sr. No.	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
I	Revenue from Operations	33	31,094	32,430
II	Other Income	34	1,754	1,756
III	TOTAL INCOME (I+II)		32,848	34,186
IV	Expenses			
	(a) Cost of materials consumed	35	14,379	17,706
	(b) Changes in inventories of finished goods and work-in-progress	36	(54)	(517)
	(c) Employee benefits expense	37	1,494	1,303
	(d) Finance costs	38	1,058	807
	(e) Depreciation and amortization expense	39	2,520	2,204
	(f) Other expenses	40	10,294	8,836
	TOTAL EXPENSES (a to f)		29,691	30,339
V	Profit before share of net profits of investment accounted for using equity method and tax (III-IV)		3,157	3,847
VI	Share of net profit/(loss) of Joint ventures accounted for using the equity method		-	-
VII	Profit before tax (V+VI)		3,157	3,847
VIII	Tax expense:			
	Current tax		1,046	971
	Deferred tax		(800)	323
	Total tax expense		246	1,294
IX	Profit / (Loss) for the year (VII-VIII)		2,911	2,553
X	Other Comprehensive Income ('OCI')			
A	(i) Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plan		21	(14)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(6)	5
	Total (A)		15	(9)
B	(i) Items that will be reclassified to profit or loss			-
	Foreign exchange differences in translating financial statements of foreign operations		112	(189)
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total (B)		112	(189)
	Total Other comprehensive income (A+B)		127	(198)
XI	Total comprehensive income for the year (IX+X)		3,038	2,355
	Profit attributable to:			
	Owners of the Company		2,932	2,535
	Non-Controlling Interest		(21)	17
	Other Comprehensive Income attributable to:			
	Owners of the Company		124	(198)
	Non-Controlling Interest		3	0
	Total Comprehensive Income attributable to:			
	Owners of the Company		3,056	2,337
	Non-Controlling Interest		(18)	18
XII	Earnings per equity share	41		
	- Basic and Diluted (Face value Re. 1)		3.51	3.04

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

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

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097175)

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

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 24th July, 2020

Place: Mumbai
Date: 24th July, 2020

Sarla Performance Fibers Limited
Consolidated Statement of cash flows for the year ended 31st March, 2020

		Rs in lakhs	
	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A	Cash flow from operating activities		
	Profit before tax	3,157	3,847
	Adjustments for:		
	Finance costs	1,058	807
	Depreciation and amortisation expenses	2,520	2,204
	Interest on income tax	4	3
	Interest income	(829)	(509)
	Gain on disposal of property, plant and equipment	(4)	(30)
	Gain on disposal of investments	-	24
	Gain on fair value of investments	(24)	(129)
	Dividend Income on Current investments	(1)	(31)
	Government Grant	-	(1)
	Unrealised exchange gain or loss on foreign currency translations	726	(43)
	Foreign currency translation reserve	82	(608)
	Amortisation of Foreign currency monetary item translation difference account		
	Operating profit before working capital changes	6,689	5,533
	Movements in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	462	57
	Trade receivables	(1,068)	(111)
	Current loans	(1)	(17)
	Non-current loans	317	156
	Other current assets	(303)	(923)
	Other non current assets	(625)	(613)
	Other current financial assets	307	(354)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	(432)	308
	Other current financial liabilities	139	150
	Other financial liabilities	(52)	(70)
	Other current liabilities	(72)	(251)
	Provisions	67	16
	Cash generated from operations	5,427	3,880
	Direct taxes paid (net)	(936)	(856)
	Net cash generated from operating activities (A)	4,491	3,025
B	Cash flows from investing activities		
	Bank balances other than Cash & Cash equivalents	(1,741)	(1,895)
	Purchase of property, plant and equipment	(2,466)	(4,155)
	Purchase of Intangible Assets	(79)	-
	Proceeds from disposals of property, plant and equipment	5	92
	Purchase of non current investments	(1,615)	(393)
	Proceeds from sale of investments	606	-
	Purchase of current investments	-	70
	Interest received	536	286
	Dividend Income on Current investments	1	31
	Net cash (used in) investing activities (B)	(4,753)	(5,964)
C	Cash flow from financing activities		
	Proceeds from non current borrowings	4,406	2,979
	Repayment of non current borrowings	-	730
	Proceeds from current borrowings	-	1,884
	Payments for the principal portion of lease liability	(19)	-
	Payments for the interest portion of lease liability	(3)	-
	Interest paid	1,038	(780)
	Dividend paid	-	413
	Net cash (used in) financing activities (C)	319	1,943
	NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	57	(996)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	Balances with banks in current accounts and deposit accounts	605	1,616
	Cash on hand	25	11
	CASH AND CASH EQUIVALENTS AS PER NOTE 16	630	1,627
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	Balances with banks in current accounts and deposit accounts	665	605
	Cash on hand	22	25
	CASH AND CASH EQUIVALENTS AS PER NOTE 16	687	630

Explanatory notes to Statement of Cash Flows:

- 1 The Statement of Cash Flows is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Ind AS 7 as notified by Ministry of Corporate Affairs.
- 2 In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
- 3 The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
- 4 Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:

Reconciliation of liabilities arising from financing activities

Particulars	As at 1st April 2019	Cash flow	Foreign Exchange movement	As at 31st March, 2020
Non - current borrowing (including current maturities of non current borrowing)	15690	3676	411	19,778
Current borrowing	8454	(1,884)	300	6,869
	24,144	1,792	711	26,647

Particulars	As at 1st April 2018	Cash flow	Foreign Exchange movement	As at 31st March, 2019
Non - current borrowing (including current maturities of non current borrowing)	13304	2,270	115	15,690
Current borrowing	7748	865	(159)	8,454
	21,052	3,135	(44)	24,144

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP

Chartered Accountants

ICAI FR No.: 101961W/W-100036

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA

Partner

Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA

Chairman & Whole Time Director

(DIN: 00097175)

MADHUSUDAN S. JHUNJHUNWALA

Chairman & Whole Time Director

(DIN: 00097254)

MAHENDRA SHETH

CFO & Company Secretary

Place: Mumbai

Date: 24th July, 2020

Place: Mumbai

Date: 24th July, 2020

Sarla Performance Fibers Limited
Consolidated Statement of changes in equity for the year ended 31st March, 2020

a. Equity Share Capital (note 21)

Particulars	Rs in lakhs	
	Amount	
Balance as at 1st April, 2018	835.03	
Changes in equity share capital during the year 2018-19	-	
Balance as at 31st March, 2019	835.03	
Changes in equity share capital during the year 2019-20	-	
Balance as at 31st March, 2020	835.03	

b. Other Equity (note 22)

Particulars	Reserves and surplus						Rs in lakhs		
	Capital reserve	Securities premium	General reserve	Foreign currency translation reserve	Foreign currency monetary item translation difference account	Retained earnings*	Total attributable to Owners of the Company	Attributable to NCI	Total Equity
As at 1st April, 2018	183	4,529	8,274	37	9	13,428	26,460	8	26,468
Profit for the year 2018-19	-	-	-	-	-	2,536	2,536	17	2,553
Other comprehensive income for the year 2018-19 (net of tax)	-	-	-	(189)	-	(9)	(198)	0	(198)
Addition /(Deletions) during the year	-	-	-	-	-	-	-	-	-
Amortisation during the year	-	-	-	-	(60)	-	(60)	-	(60)
Total comprehensive income for the year	-	-	-	(189)	(60)	2,527	2,278	17	2,295
Dividend	-	-	-	-	-	(412)	(412)	-	(412)
As at 31st March, 2019	183	4,529	8,274	(152)	(51)	15,543	28,326	25	28,351
Profit for the year 2019-20	-	-	-	-	-	2,932	2,932	(21)	2,911
Other comprehensive income for the year 2019-20 (net of tax)	-	-	-	109	-	15	124	3	127
Addition /(Deletions) during the year	-	-	-	-	(57)	-	(57)	-	(57)
Amortisation during the year	-	-	-	-	72	-	72	-	72
Total comprehensive income for the year	-	-	-	109	15	2,947	3,071	(18)	3,053
Dividend	-	-	-	-	-	(413)	(413)	-	(413)
As at 31st March, 2020	183	4,529	8,274	(43)	(36)	18,077	30,984	7	30,991

Sarla Performance Fibers Limited

Notes to consolidated financial statements for the year ended 31st March, 2020

4 Property, Plant & Equipment

Rs in lakhs										
Gross Block	Freehold Land	Leasehold Land	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipment's	Computers	Total
Balance as at 1st April, 2018	3,368	9	3,420	-	20,958	57	105	26	87	28,029
Additions	-	-	114	-	3,147	3	66	8	15	3,353
Deletions	-	-	-	-	(136)	-	-	-	-	(136)
Exchange fluctuations	4	-	109	-	306	0	1	0	1	421
Balance as at March 31, 2019	3,372	9	3,643	-	24,275	60	172	34	103	31,667
Additions	-	-	891	86	1,795	16	76	17	57	2,938
Deletions	-	-	-	-	(17)	-	-	-	-	(17)
Exchange fluctuations	6	-	164	-	459	1	1	0	2	633
Balance as at March 31, 20120	3,378	9	4,698	86	26,512	77	249	51	162	35,221
Accumulated Depreciation	Freehold Land	Leasehold Land	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipment's	Computers	Total
Balance as at 1st April, 2018	-	0	227	-	3,553	14	43	10	71	3,919
Depreciation charge for the year	-	-	123	-	2,028	7	25	6	9	2,198
Depreciation on deletion	-	-	-	-	(74)	-	-	-	-	(74)
Exchange fluctuations	-	-	6	-	75	1	0	(1)	1	82
Balance as at March 31, 2019	-	0	356	0	5,582	22	68	16	81	6,125
Depreciation charge for the year	-	1	147	24	2,286	8	20	15	16	2,516
Depreciation on deletion	-	-	-	-	(12)	-	-	-	-	(12)
Exchange fluctuations	-	-	17	-	229	1	1	0	2	250
Balance as at March 31, 2020	-	1	520	24	8,085	31	89	31	99	8,879
Net Book Value										
Balance as at 31st March, 2019	3,372	9	3,287	(0)	18,693	38	104	18	22	25,542
Balance as at 31st March, 2020	3,378	8	4,178	62	18,427	46	160	20	64	26,342

Notes:

(i) Freehold land includes, Land acquired during FY 2016-17 for Rs. 3,029 lakhs which is standing in the name of two directors pending completion of formalities for transfer of the same to the company name.

(ii) Charge has been created over property, plant and equipment's of the company in respect of borrowings (refer note 23)

(iii) Leasehold land represents land taken on finance lease for 20 years.

(iv) Technology Up gradation Fund Scheme subsidy received from government (ministry of textiles) of Rs. 12 lakhs in previous years has been adjusted against additions in plant and equipment's.

5 Capital work in progress

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Capital work in progress	-	1,030
	-	1,030

6 Intangible asset

Particulars	Rs in lakhs	
	Computer Software	Total
Gross Block		
Balance as at 1st April, 2018	22	22
Additions	-	-
Deletions	-	-
Balance as at 31st March, 2019	22	22
Additions	-	-
Deletions	-	-
Balance as at 31st March, 2020	22	22
Accumulated Amortisation		
Balance as at 1st April, 2018	11	11
Additions	7	7
Deletions	-	-
Balance as at 31st March, 2019	18	18
Additions	4	4
Deletions	-	-
Balance as at 31st March, 2020	22	22
Balance as at 31st March, 2019	4	4
Balance as at 31st March, 2020	(0)	(0)

Sarla Performance Fibers Limited
Notes to consolidated financial statements for the year ended 31st March, 2020

7 Investments accounted for using equity method

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Investments in Joint Ventures		
Unquoted		
Savitex SA De C.V., Honduras	1,857	1,857
MRK SA C.V., Honduras	127	127
Sarla Tekstil Filament Sanayi Ticaret A.S. Provision for Diminution in value of investments	75 (2,059)	75 (2,059)
Total	-	-

Note:

Refer note 51 for details of interest in other entities.

8 Non current financial asset - Investments

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Unquoted		
Investments in Preference shares at FVTPL (fully paid)	-	606
Investments in units of Mutual fund at FVTPL (fully paid)	402	372
Investments in debentures at amortised cost (fully paid)	1,055	125
Investment in U.S. Bancorp Community Development Corporation Investment Fund 8, LLC at amortised cost (fully paid). (Refer note 23)	6,879	6,311
Investments in debentures at FVTPL (fully paid)	122	-
Total	8,458	7,414
Aggregate value of quoted investments	-	-
Aggregate value of unquoted investments	8,458	7,414
Aggregate amount of impairment in the value of investments	-	-

Note:

Mutual funds of Rs. 402 lakhs (as at 31st March, 2019: 372 lakhs) are lien against ECB Term Loan from Standard Chartered Bank. (Refer note 23)

9 Non-current financial assets - Loans

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Security deposits	228	588
Other loans and advance	718	644
Allowance for Bad and Doubtful Advances	(197)	(166)
Total	749	1,066
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	228	588
Loans which have significant increase in credit risk	718	644
Loans - credit impaired	(197)	(166)
Total	749	1,066

10 Non-current financial asset - others

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Fixed deposits with remaining maturity for more than 12 months	2,054	2,017
Interest Receivable	720	494
Total	2,774	2,511

Note:

Fixed Deposits along with interest accrued there on amounting to Rs. 2,004 lakhs (As at 31st March, 2019 Rs. 1,786 lakhs) pledged as margin money deposit for facilities from Banks..

11 Non current Tax Assets (Net)

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Taxes paid in advance (Net of Provision for tax)	184	44
Total	184	44

12 Other Non-Current Assets

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good unless stated otherwise		
Capital Advances	286	237
Security Deposits with government authorities	90	90
Advance Lease rental	-	2
New Market Tax Credit Receivables	2,522	1,943
Total	2,898	2,272

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

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Raw Materials	1,075	1,637
Work-In -Progress	741	714
Finished goods	3,022	2,996
Stores and Spares	171	123
Oil & lubricants	100	97
Power & Fuel	13	11
Packing Materials	174	181
Total	5,296	5,759

Note:

(i) Inventories of Rs. 3,813 lakhs (as at 31st March, 2019: Rs. 3,895 lakhs) are hypothecated against working capital facilities from banks. (refer note 27)

(ii) There has been no write down of inventories during the year.

(iii) Finished goods includes stock in transit of Rs. 1 lakhs(as at 31st March 2019: Rs. Nil).

14 Investments

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Quoted		
Investment in Equity shares at FVTPL (fully paid)	26	37
Total	26	37
Aggregate value of quoted investments and market value thereof	26	37
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Note:

Investments of Rs. 26 lakhs (as at 31st March, 2019: 37 lakhs) are hypothecated against working capital facilities from banks. (Refer note 27)

15 Trade Receivables

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
(a) Trade Receivables considered good - Secured		
(b) Trade Receivables considered good - Unsecured	9,091	8,024
(c) Trade Receivables which have significant increase in credit risk	331	153
(d) Trade Receivables - credit impaired	-	-
Allowance as per Expected credit loss model	(331)	(153)
Total	9,091	8,024

Note:

(i) Trade Receivables of Rs. 9,751 lakhs (as at 31st March, 2019: Rs. 9,049 lakhs) are hypothecated against working capital facilities from banks. (Refer note 27)

(ii) Movement in the expected credit loss allowance

Particulars	Rs in lakhs	
	As at 31st March, 2019	As at 31st March, 2019
Balance at the beginning of the year	(153)	(470)
Provision reversed during the year	(178)	317
Balance at the end of the year	(331)	(153)

16 Cash & cash equivalents

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Cash and Cash Equivalents		
Balances with Banks	665	605
Cash on Hand	22	25
Total	687	630

17 Bank balances other than Cash & Cash equivalents

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Balance in unpaid dividend account	78	77
Fixed deposits with remaining maturity for less than 12 months	6,187	4,484
Total	6,265	4,561

Note:

Fixed Deposits along with interest accrued there on amounting to Rs. 2,285 lakhs (As at 31st March, 2019 Rs. 2,484 lakhs) pledged as margin money deposit for facilities from Banks.

18 Current Loans

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
<u>Others</u>		
Loans to staff	25	31
Others	103	96
Total	128	127
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	128	127
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	128	127

19 Other financial assets

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Interest Receivable	148	80
Derivative financial assets	53	360
Total	201	440

20 Other Current Assets

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Advances to Suppliers (For Raw Materials and expenses)	558	487
Allowance for Bad and Doubtful Advances	-	(78)
Balances with government authorities	1,643	1,387
Export incentives receivables	45	137
Prepaid Expenses	41	39
Other receivable	31	42
Total	2,318	2,014

Equity

21 Equity Share Capital

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Authorised 100,000,000 (As at 31st March, 2019: 100,000,000) Equity Shares of Re. 1 each	1,000	1,000
Issued, Subscribed and Paid up 83,503,000 (As at 31st March, 2019: 83,503,000) Equity Shares of Re. 1 each	835	835
Total	835	835

21.1 Reconciliation of number of equity shares :

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Opening Balance	83503000	835	83503000	835
Changes during the year	-	-	-	-
Closing Balance	83503000	835	83503000	835

21.2 Terms / Rights attached to Equity Shares

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

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

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

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

Shareholders	As at 31st March, 2020	As at 31st March, 2019
Hindustan Cotton Company - through its partners		
No. of Shares	11,164,790	11,164,790
Percentage	13%	13%
Satidham Industries Private Limited		
No. of Shares	23,905,972	23,377,855
Percentage	29%	28%

22 Other Equity

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Capital reserve	183	183
Securities premium reserve	4,529	4,529
General reserve	8,274	8,274
Foreign Currency Translation Reserve	(43)	(152)
Foreign currency monetary item translation difference account	(36)	(51)
Retained Earnings	18,077	15,543
Total	30,984	28,326

The movement in other Equity:

22.1 Capital reserve

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	183	183
Movement during the year	-	-
Balance as at end of the year	183	183

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

22.2 Securities premium reserve

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	4,529	4,529
Movement during the year	-	-
Balance as at end of the year	4,529	4,529

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

22.3 General reserve

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	8,274	8,274
Movement during the year	-	-
Balance as at end of the year	8,274	8,274

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

22.4 Foreign Currency Translation Reserve

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	(152)	37
Movement during the year	109	(189)
Balance as at end of the year	(43)	(152)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

22.5 Foreign currency monetary item translation difference account

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	(51)	10
Movement during the year	15	(61)
Balance as at end of the year	(36)	(51)

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

22.6 Retained earnings

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	15,542	13,428
Profit for the year	2,932	2,535
Re measurement of Net defined benefit plans (net of tax)	15	(9)
Dividend (refer note below)	(412)	(412)
Balance as at end of the year	18,077	15,542

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

Dividend

Particulars	2019-20	2018-19
Dividend on equity shares paid during the year		
Final dividend for the year	913	911
Less: Dividend waived by promoters	(501)	(499)
Total	412	412

Proposed Dividend:

The Board of Directors at its meeting held on 24th July, 2020 have recommended a payment of final dividend of Rs. Nil (Previous year Rs. 1.10) per equity share of face value of Re. 1 each for the financial year 31st March, 2020.

23 Non -Current borrowings

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Term Loans:		
<u>Secured Loans - From Bank</u>		
Yes Bank (Rupee Term Loan) (refer note (i))	-	1,500
Indusind Bank (Rupee term loan) (refer note (ii))	1,300	1,400
Standard Chartered Bank (Foreign Currency Loan) (refer note (iii & iv))	5,216	3,065
Yes Bank (Rupee Term Loan) for Vehicle (refer note (v))	71	44
<u>Secured Loans - From others</u>		
NNMF Sub-CDE XXIII, LLC Loan "A" (Refer note 8)	6,879	6,311
(Investment in U.S. Bancorp Community Development Corporation Investment fund 8, LLC)		
NNMF Sub-CDE XXIII, LLC Loan "B"	2,824	2,591
<u>Unsecured Loans - From others</u>		
Other loans and advances	113	87
Total	16,403	14,998

Sarla Performance Fibers Limited

Notes to consolidated financial statements for the year ended 31st March, 2020

Note:

Nature of security	Terms of repayment
(i) Lien on Fixed Deposits of Rs. 1,500 lakhs with Yes Bank Ltd	Term loan of Rs. 1,500 lakhs is bullet repayment after 60 months (Date: 10th March, 2021)
(ii) Lien on Fixed Deposits of Rs. 1,500 lakhs with Indusind Bank Ltd	Term loan of Rs. 1,500 lakhs is repayable Every year payment of Rs. 50 lakhs from 1st to 4th year end and balance of Rs. 1300 lakhs in 5th year. Repayment starting from may 2017
(iii) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Lien on marketable securities of INR 187.60 lakhs in the form of debt mutual funds.	Term loan of USD 40,00,000 is repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016
(iv) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) (i) First pari passu charge on the movable fixed assets (P&M) of Dadra Plant. (ii) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Cash Margin in form of FD equivalent of two quarters of Interest and principal repayment (~ INR 350 lakhs)	Term loan of EURO 35,00,000 is repayable in 16 equal quarterly installment of EURO 2,18,750 each till Jan 2024. Repayment starting from May 2020. Term loan of EURO 45,00,000 is repayable in 16 equal quarterly installment of EURO 2,81,250 each till June 2024. Repayment starting from Sep 2020.
(v) Specific charge on Vehicle financed by the Bank.	1. Term loan of INR 52,00,000 is repayable in 60 equated monthly installment of INR 1,05,687 each till April 2023. Repayment starting from May 2018. 2. Term loan of INR 59,00,000 is repayable in 60 equated monthly installment of INR 1,21,759 each till December 2024. Repayment starting from Jan 2020.

24 Other financial liabilities

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Creditors for capital goods	-	78
Lease Liability	7	-
Total	7	78

25 Provisions

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits		
Gratuity (Refer note 42)	123	96
Total	123	96

Sarla Performance Fibers Limited
Notes Forming Part of Consolidated Financial Statements

26 Tax Expense, Deferred Tax Liabilities (Net) and Deferred Tax Assets (Net)

(a) Amounts recognized in profit and loss

Rs in lakhs

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current tax expense (A)		
In respect of current year	1,046	971
	1,046	971
Deferred tax expense (B)		
In respect of current year	(800)	323
	(800)	323
Mat credit entitlement (C)	-	-
Adjustments for earlier years (D)	-	-
Tax expense recognized in the income statement (A+B+C+D)	246	1,294

(b) Amounts recognized in other comprehensive income

Rs in lakhs

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(6)	5
Items that will be reclassified to profit or loss	-	-
Income tax benefit/(expense) recognised in OCI	(6)	5

(c) Reconciliation of effective tax rate

Rs in lakhs

Particulars	For the year ended 31st March, 2020		For the year ended 31st March, 2019	
	%	Amounts	%	Amounts
Profit before tax		3,157		3,847
Tax using the Company's domestic tax rate	29.12%	919	34.94%	1,344
Tax effect of:				
Disallowable expenses	0.30%	10	0.24%	9
Income / Expenses not considered in Income Tax Act	0.00%	-	-0.73%	(28)
Tax-exempt income	0.00%	-	-0.28%	(11)
Tax holidays and similar exemptions	-4.37%	(138)	-2.18%	(84)
Tax impact of overseas subsidiaries (net)	5.34%	169	3.80%	146
Tax paid at lower rate	-1.78%	(56)	-2.18%	(84)
Other non deductible differences	0.04%	1	0.00%	-
Tax Rate Reduction	-18.95%	(598)	0.00%	-
Others	-0.61%	(19)	0.03%	1
	9.10%	287	33.64%	1,294
Mat credit entitlement	-1.09%	(34)	0.00%	-
Adjustments for earlier years	-0.21%	(7)	0.00%	-
Effective income tax rate	7.79%	246	33.64%	1,294

Sarla Performance Fibers Limited
Notes Forming Part of Consolidated Financial Statements

(d) Movement in deferred tax liabilities (Net)

Rs in lakhs

Particulars					As at 31st March, 2020		
	Net balance April 1, 2019	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Property, plant and equipment	(3,351)	511	-	-	(2,840)	-	(2,840)
Investments in Mutual Funds	(25)	17	-	-	(8)	-	(8)
Employee benefits	12	35	(6)	-	41	41	-
Investments in Equity Shares	2	(2)	-	-	-	-	-
Investments in Preference Shares and Debentures	(25)	24	-	-	(1)	-	(1)
Derivatives	(143)	128	-	-	(15)	-	(15)
Foreign currency monetary item translation difference account	1	(11)	-	-	(11)	(11)	-
Security Deposits	(0)	1	-	-	1	1	-
Trade receivables	1	63	-	-	64	64	-
	(3,528)	766	(6)	-	(2,769)	95	(2,864)
MAT credit entitlement	356	34	-	-	390	390	-
Less: MAT credit utilised	-	-	-	-	(390)	(390)	-
Tax assets (Liabilities)	(3,172)	800	(6)	-	(2,769)	95	(2,864)

Rs in lakhs

Particulars					As at 31st March, 2019		
	Net balance April 1, 2018	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Property, plant and equipment	(3,244)	(107)	-	-	(3,351)	-	(3,351)
Investments in Mutual Funds	(19)	19	-	-	-	-	-
Loan given to subsidiary	-	(25)	-	-	(25)	-	(25)
Employee benefits	46	(39)	5	-	12	12	-
Investments in Equity Shares	3	(1)	-	-	2	2	-
Investments in Preference Shares	-	(25)	-	-	(25)	-	(25)
Derivatives	-	(143)	-	-	(143)	-	(143)
Foreign currency monetary item translation difference account	1	0	-	-	1	1	-
Security Deposits	0	(0)	-	-	(0)	(0)	-
Trade receivables	1	(0)	-	-	1	1	-
	(3,212)	(321)	5	-	(3,528)	16	(3,544)
MAT credit entitlement	411	-	-	-	411	411	-
Less: MAT credit utilised	-	-	-	-	(56)	(56)	-
Tax assets (Liabilities)	(2,801)	(321)	5	-	(3,172)	371	(3,544)

Sarla Performance Fibers Limited
Notes Forming Part of Consolidated Financial Statements
(e) Movement in deferred tax Assets (Net)

Rs in lakhs

Particulars					As at 31st March, 2020		
	Net balance April 1, 2019	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Net operating loss carry forwards	3,522	-	-	-	3,522	3,522	-
Valuation allowance	(3,214)	-	-	-	(3,214)	-	(3,214)
Exchange rate difference	20	-	30	-	50	50	-
Tax assets (Liabilities)	328	-	30	-	358	3,572	(3,214)

Rs in lakhs

Particulars					As at 31st March, 2019		
	Net balance April 1, 2018	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Net operating loss carry forwards	3,522	-	-	-	3,522	3,522	-
Valuation allowance	(3,214)	-	-	-	(3,214)	-	(3,214)
Exchange rate difference	-	-	20	-	20	20	-
Others	3	(2)	-	-	0	0	-
Tax assets (Liabilities)	311	(2)	20	-	328	3,542	(3,214)

Note:

Deferred Tax Liability (DTL) in respect of temporary differences related to undistributed earnings in subsidiaries has not been recognised, because the Company controls the dividend policy of its subsidiaries.

27 Borrowings

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
<u>Loan Repayable on Demand - From Bank</u>		
<u>Secured</u>		
Packing Credit Loan (note no. (i),(ii) & (iii))	6,635	7,525
Foreign Bill Discounting (note no. (i),(ii) & (iii))	127	927
Overdraft account (note no. (i))	107	2
Total	6,869	8,454

Note:**Term of repayment and securities for current borrowings**

All the working capital facilities are secured against:

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

28 Trade payables

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Trade payables:		
Total outstanding dues of Micro and Small enterprises	-	-
Total outstanding dues of creditors other than Micro and Small enterprises	1,146	1,579
Total	1,146	1,579

Note:

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

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Principal amount due and remaining unpaid	-	-
Interest due and unpaid on the above amount	-	-
Interest paid by the Company in terms of section 16 of the Micro, Small and Medium enterprises Act, 2006	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable	-	-
Total	-	-

Sarla Performance Fibers Limited
Notes to consolidated financial statements for the year ended 31st March, 2020
29 Other financial liabilities

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Current maturities of long term borrowings	3,375	692
Creditors for Capital goods	1,611	1,437
Unpaid dividend (refer note (i) & (ii))	78	77
Salaries , wages & other payable	80	85
Bank overdraft	158	455
Lease Liability	20	-
Others	1,024	952
Total	6,346	3,698

Note:

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

(ii) Amount of Rs. 6 lakhs (As at 31st March, 2019: 5 lakhs) is transferred to Investor Education and Protection Fund during the year.

30 Other current liabilities

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Revenue received in advance		
Advance from customers	97	143
Others		
Statutory dues	67	104
Creditors for Capital goods and expenses	63	42
Other liabilities	55	49
Total	282	338

31 Provisions

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits (Refer note 42)		
Gratuity	45	45
Leave Encashment	24	7
Bonus	14	13
Total	83	65

32 Current tax liabilities (Net)

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Provision for Tax (Net of Taxes paid in advance)	-	139
Total	-	139

33 Revenue From Operations

Particulars	Rs in lakhs	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Sale of Products/ Services	30,968	32,328
Other Operating Revenues	126	102
Revenue from operations	31,094	32,430

Ind AS 115 Disclosures

Particulars	Rs in lakhs	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019

- 1 Details of revenue from contracts with customers recognised by the Group, net of indirect taxes in its statement of Profit

Revenue from contracts with customers**(Transferred at point in time)**

Sale of yarns	30,218	31,641
Sale of wind power	750	687
	30,968	32,328

Other Operating Revenues	126	102
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Total revenue from contracts with customers	31,094	32,430
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- 2 **Disaggregate Revenue**

The table below presents disaggregated revenues of the Group from contracts with customers by geography/ offerings/

Total revenue from contracts with customers**Yarn**

India	10,383	11,613
Export (Including deemed export)	19,961	20,130

Wind Power

India	750	687
Total	31,094	32,430

- 3 **Reconciliation between revenue with customers and contracted price:**

Revenue as per contracted price	31,251	32,512
Less: Adjustments		
Sales return	(88)	(49)
Discounts/ Rebates	(69)	(33)
Revenue from contracts with Customers	31,094	32,430

- 4 **Sales by performance obligations**

Upon Shipment	30,344	31,743
Upon Transmission into grid	750	687
Total	31,094	32,430

Notes to consolidated financial statements for the year ended 31st March, 2020

5 Contract balances

The following table provides information about receivables from contracts with customers:

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Trade receivables	9,422	8,177
Allowance as per Expected credit loss model	(331)	(153)
Total	9,091	8,024
Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days.		
(b) Contract liability		
Advances from Customers	97	144

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year

34 Other Income

Particulars	Rs in lakhs	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<u>a) Interest income</u>		
Instruments measured at amortised costs		
- on fixed deposits with bank	760	492
- others	69	17
<u>b) Dividend Income</u>		
- Dividend Income from Current investments at FVTPL	1	31
<u>c) Other non-operating Income (Net of expenses directly attributable to such income)</u>		
- Gain on disposal of property, plant and equipment	4	30
- Fair Valuation gain on Investments	24	129
- Gain or loss on foreign currency transaction and translation (net)	94	496
- Provision for doubtful receivables written back	-	1
- Duty Drawback & Rebate	413	184
- Miscellaneous Income	389	375
Total	1,754	1,756

35 Cost of material consumed

Particulars	Rs in lakhs	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Inventory at the beginning of the year	1,637	2,281
Purchases	13,816	17,062
Inventory at the end of the year	(1,074)	(1,637)
Total	14,379	17,706

36 Changes in inventories of finished goods (including stock in trade) and work in progress

Particulars	Rs in lakhs	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Closing stock		
Work-in-progress	741	714
Finished goods	3,023	2,996
Opening stock		
Work-in-progress	714	769
Finished goods	2,996	2,424
Total	(54)	(517)

37 Employee benefits expense

Particulars	Rs in lakhs	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries, wages and bonus	1,293	1,134
Contribution to provident and other funds	144	110
Staff welfare expenses	57	59
Total	1,494	1,303

38 Finance costs

Particulars	Rs in lakhs	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a) Interest on financial liabilities carried at amortised cost		
Interest on borrowings	484	389
Exchanges differences regarded as an adjustment to borrowing costs	381	70
Interest expense on security deposits	3	-
b) Other interest cost		
Interest on Income tax	7	3
c) Other borrowing costs		
	183	345
Total	1,058	807

39 Depreciation and amortisation expenses

Particulars	Rs in lakhs	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Depreciation on property, plant and equipment	2,492	2,197
Depreciation charged for right of use assets - building	24	
Amortisation of intangible assets	4	7
Total	2,520	2,204

40 Other expenses

Particulars	Rs in lakhs	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Consumption of stores and spare parts	328	289
Power and fuel	2,199	1711
Consumption of packing materials	1,417	1509
Consumption of oils and chemicals	456	532
Labour charges	2,019	1770
Clearing and forwarding charges	79	67
Repairs and Maintenance:		
- Building	145	63
- Machinery	159	142
- Others	109	74
Excise duty expenses	-	1
Water, waste and effluent treatment charges	99	75
Rent	11	29
Insurance	133	84
Director sitting fees	2	3
Legal, professional and consultancy charges	182	194
Bank charges	103	98
Corporate Social Responsibility Expenses	65	38
Gain or loss on foreign currency transaction and translation (net)	16	0
Miscellaneous expenses	981	641
Loss on sale of current investments	-	24
Payment to auditor:		
- Audit fees	11	11
- for tax audit and certification	8	9
- For other services	2	0
Freight and forwarding charges	1,070	1102
Commission on sales	371	370
Expected credit loss provision	329	0
Total	10,294	8836

41 Earnings per share (EPS)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit for the year	2,932	2,535
Equity shares outstanding at the beginning and at the end of the year - (Nos)	83,503,000	83,503,000
Nominal value of each share (in Re.)	1	1
Basic and Diluted earning per share	3.51	3.04

42 Employee benefits

A Defined Contribution plans:

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

Contribution to provident fund of Rs. 48 Lakhs (31st March, 2019: Rs. 36 lakhs) is recognised as an expense and included in "Contribution to provident and other funds" in Statement of Profit and Loss.

B Defined benefit plans:

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

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

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

Reconciliation in present value of obligations (PVO)		Rs in lakhs
Particulars	As at 31st March, 2020	As at 31st March, 2019
PVO at the beginning of the year	267	232
Interest cost	20	18
Current service cost	37	28
Benefits paid	(21)	(25)
Actuarial (Gains)/Losses	(23)	14
PVO at the end of the year	280	267
Reconciliation of Fair value of plan assets:		Rs in lakhs
Particulars	As at 31st March, 2020	As at 31st March, 2019
Fair value of plan assets at the beginning of the year	126	129
Adjustments:		
Return on plan assets excl. interest income	(1)	(0)
Interest income	9	10
Contributions by the employer	-	12
Benefits paid	(21)	(25)
Fair value of plan assets at the end of the year	113	126
Net Liabilities / (Assets) recognised in the balance sheet:		Rs in lakhs
Particulars	As at 31st March, 2020	As at 31st March, 2019
PVO of the defined benefit obligation at the end of period	280	267
Fair value of planned assets at end of year	(113)	(126)
Net liabilities / (Assets) recognised in the balance sheet	167	141
Amount recognised in Statement of Profit and Loss		Rs in lakhs
Particulars	2019-2020	2018-2019
Current service cost	37	28
Net interest	11	8
Net charge to the statement of profit or loss	48	36

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Notes Forming Part of Consolidated Financial Statements

Amount recognised in Other Comprehensive Income (OCI)		Rs in lakhs
Particulars	2019-2020	2018-2019
Actuarial (Gain)/Loss recognised for the period	(23)	14
Return on plan assets excluding net interest	1	0
Recognised in OCI for the year	(22)	14
Expected Payout		
		Rs in lakhs
Year	2019-2020	2018-2019
Expected Outflow in 1st Year	45	21
Expected Outflow in 2nd Year	2	2
Expected Outflow in 3rd Year	11	11
Expected Outflow in 4th Year	15	10
Expected Outflow in 5th Year	12	6
Expected Outflow in 6th to 10th Year	171	134
The average duration of the defined benefit plan obligations at the end of reporting period is 26 years		
Major category of plan assets as a % of total plan		
The plan assets are being managed by LIC. No further details are made available by the fund manager.		
Sensitivity analysis		
Significant actuarial assumptions for the determination of defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.		
		Rs in lakhs
Particulars	As at 31st March, 2020	As at 31st March, 2019
Impact on present value of defined benefit obligation:		
If discount rate is increased by 1%	(19)	(13)
If discount rate is decreased by 1%	23	25
If salary escalation rate is increased by 1%	21	24
If salary escalation rate is decreased by 1%	(19)	(12)
The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet		
There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.		
Principal Actuarial Assumptions		
		Rs in lakhs
Particulars	As at 31st March, 2020	As at 31st March, 2019
Discount Rate	6.75%	7.75%
Expected return on plan assets	8	9.46
Expected rate of salary increase	7.00%	8.50%
Employee attrition rate	20.00%	1.00%
Mortality	Indian Assured Lives (2012-14)	Indian Assured Lives (2006-08)

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

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

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

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

The liability towards compensated absences (annual and short term leave) for the year ended 31 March 2020 of Rs.24 lakhs (31 March 2019: Rs.7 lakhs), is included in the 'Employee benefits expense' in the Statement of Profit and Loss.

43 Related party disclosures

1 Relationships

(a) Joint Ventures of Subsidiary (Refer note 51)

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

(b) Entities controlled by Key Managerial Personnel

Satidham Industries Private Limited
 Hindustan Cotton Company

(c) Key Managerial Personnel

(i) Executive Director

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

(ii) Non Executive Director

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

2 Details of transactions with above related parties

(Rs. In lakhs)

Nature of Transaction	Entities controlled by Key Managerial Personnel		Key Managerial Personnel	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
(a) Remuneration *				
Madhusudan Jhunjunwala - Chairman	-	-	138	138
Krishna Jhunjunwala - Managing Director	-	-	138	138
(b) Sitting Fees				
Shreya Desai - Independent and Non Executive Director	-	-	1	1
Parantap Dave - Independent and Non Executive Director	-	-	1	1
Neha Jhunjunwala - Non Executive Director	-	-	1	1
Jigar A Shah - Independent and Non Executive Director	-	-	-	1

* Managing Director's remuneration is Rs. 138 lakhs (as at 31st March, 2019: 138 lakhs) and whole time Director's remuneration is Rs. 138 lakhs (as at 31st March, 2019: 138 lakhs) is in accordance with section 197(12) of Act and Rules thereunder.

Key management personnel compensation

(Rs. In lakhs)

Particulars	2019-2020	2018-2019
Short-term employee benefits	276	276
Others (including sitting fees to non-executive directors)	2	3

Notes:

- (a) Sales, purchases and service transactions with related parties are made at arm's length price.
 (b) Amounts outstanding are unsecured and will be settled in cash or receipts of goods and services.
 (c) No expense has been recognised for the year ended 31st March 2020 and 31st March 2019 for bad or doubtful trade receivables in respect of amounts owed by related parties.

44 Products from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purpose of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Segments have been identified and reported taking into account the nature of products, the integration of manufacturing processes, the organization structure and the internal financial reporting systems.

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments" the Group has disclosed segment information only on the basis of the consolidated financial statements.

The Group is predominantly involved into activity of manufacturing and processing of synthetic yarn which mainly have similar risk and nature. The Group has also diversified its activities into Wind Power Generation. Accordingly, the Group's business segment falls under two segments:

- i) Manufacturing of Yarn
- ii) Generation of Wind Power

Segment revenue and results

The following is an analysis of the Group's revenue and results from operations by reportable segment

Segment	Rs in lakhs	
	Segment revenue	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Yarn	30,343	31,743
Generation of Wind Power	858	809
	31,201	32,552
Elimination of Intersegment revenues	(107)	(122)
Unallocated	-	-
	31,094	32,430

Segment	Rs in lakhs	
	Segment Results	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Yarn	3,753	4,215
Generation of Wind Power	430	345
	4,183	4,559
Finance costs	(1,058)	(807)
Other expenses	(1,722)	(1,661)
Other income	1,754	1,756
Profit before tax	3,157	3,847
Current Tax	(1,046)	(971)
Deferred Tax	800	(323)
Profit after tax	2,911	2,553

Notes:

Segment profit represents the profit before tax earned by each segment without allocation of finance cost, other expenses, as well as other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Segment assets		
Yarn	56,214	52,451
Generation of Wind Power	8,034	8,212
Total segment assets	64,248	60,663
Unallocated	1,606	1,140
Consolidated Total assets	65,854	61,803

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Segment liabilities		
Yarn	30,191	28,715
Generation of Wind Power	3,836	3,902
Total segment liabilities	34,027	32,617
Unallocated	-	-
Consolidated Total liabilities	34,027	32,617

For the purpose of monitoring segment performance and allocation resources between segments:

All assets are allocated to reportable segments other than investments, deferred tax assets, non current tax assets, bank balances other than cash and cash equivalent

All liabilities are allocated to reportable segments other than borrowings, interest accrued on loans, provision for compensated absences, unpaid dividend and interim dividend payable.

Other segment information

Particulars	Rs in lakhs			
	Depreciation and amortisation		Capital expenditure	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Yarn	2,086	1,770	3,316	4,660
Generation of Wind Power	434	434	-	-
	2,520	2,204	3,316	4,660

Revenue from major products

Particulars	Rs in lakhs	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Yarn	30,236	31,621
Generation of Wind Power	858	809
	31,094	32,430

Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below:

Particulars	Revenue from external customers		Non current assets*	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
India	27,197	28,046	22,553	22,156
U.S.A.	6	-	6,945	6,737
Other countries	3,891	4,384	4	1
	31,094	32,430	29,502	28,894

* Non-current assets exclude those relating to financial assets and deferred tax assets.

Information about major customers

No single customer contributed 10% or more to the Group's revenue for the year ended 31st March, 2020 and 31st March, 2019 in case of yarn business.

Sarla Performance Fibers Limited
Notes Forming Part of Consolidated Financial Statements

45.1 Contingent liabilities not provided for:

(a) Claims against the Group not acknowledged as debt

Claim against Group not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs.963 lakhs (As at 31st March, 2019: Rs. 2,280 lakhs).

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

(b) Guarantees excluding financial guarantees

Bank Guarantees issued by Banks on behalf of the group Rs. 622 lakhs (As at 31st March, 2019: Rs. 603 lakhs). These are secured by the charge created in favor of the group's bankers by way of pledge of all Fixed Deposit Receipts.

45.2 Capital Commitment

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
For capital expenditures (net of advances)	314	470

46 Financial instruments

A Capital Management:

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

The capital structure of the Group consists of net debt (borrowings as detailed in notes 23, 27 and 29) and total equity of the Group.

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

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

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Non-current borrowings	16,403	14,998
Current maturities of non-current borrowings	3,375	692
Current borrowings	6,869	8,454
Total Debt	26,647	24,144
Equity	31,826	29,186
Net debt to equity ratio	0.84	0.83

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

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

i) Classification of Financial Assets and Liabilities:

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Financial assets		
At Amortised cost		
Investments in Debentures	1,055	125
Investment in U.S. Bancorp Community Development Corporation Investment Fund 8,	6,879	6,311
Trade receivables	9,091	8,024
Cash and cash equivalents	687	630
Bank balances other than above	6,265	4,561
Loans	877	1,193
Other financial assets	2,922	2,591
At Fair value through Profit and Loss		
Investments in equity shares	26	37
Derivative contracts	53	360
Investments in preference shares	-	606
Investments in Debentures	122	-
Investments in Mutual Funds	402	372
Total	28,379	24,810
Financial liabilities		
At Amortised cost		
Borrowings	23,272	23,452
Trade payables	1,146	1,579
Other Financial liabilities (including derivative financial liabilities)	6,353	3,777
Total	30,771	28,808

ii) Fair Value Measurements (Ind AS 113):

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

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

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

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

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

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Financial Assets at Fair Value through Profit and Loss		
Investments in equity shares (Level 1)	26	37
Derivative contracts (Level 2)	53	360
Investments in preference shares (Level 2)	-	606
Investments in debentures (Level 2)	122	-
Investments in Mutual Funds (Level 2)	402	372
Total	603	1,375

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

During the reporting period ending 31st March, 2020 and 31st March, 2019, there was no transfer between level 1 and level 2 fair value measurement.

Key Inputs for Level 1 and 2 Fair valuation Technique:

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

47 Financial risk management objectives (Ind AS 107)

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

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

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

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

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

A Credit risk

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

Trade and other receivables

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

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

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

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

Particulars	Rs in lakhs	
	As at 31st March, 2019	As at 31st March, 2018
Not due		
0-180 days	7,449	7,005
181-365 days	1,583	1,015
Above 365 days	390	156
Total	9,422	8,176

Movement in provisions of doubtful debts

Particulars	Rs in lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Opening provision	(153)	(470)
Additional provision made	(193)	307
restatement of provision	15	10
Closing provision	(331)	(153)

Other financial assets

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

Sarla Performance Fibers Limited
Notes Forming Part of Consolidated Financial Statements

B Liquidity risk

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

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

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

Maturity analysis of significant financial liabilities

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Carrying amount	Contractual cash flows		Carrying amount	Contractual cash flows	
		Upto 1 year	More than 1 year		Upto 1 year	More than 1 year
Financial liabilities						
Borrowings (including Current Maturities of Long-Term Debts)	26,647	10,244	16,403	24,144	9,146	14,998
Trade and other payables	1,146	1,146	-	1,579	1,579	-
Other financial liabilities (including derivative financial liabilities)	2,978	2,971	7	3,085	3,007	78
	30,771	14,361	16,410	28,808	13,732	15,076

Sarla Performance Fibers Limited
Notes Forming Part of Consolidated Financial Statements

C Market risk

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

i Currency Risk

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

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

Exposure to currency risk

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

Particulars	As at 31st March , 2020			As at 31st March , 2019		
	USD	GBP	EURO	USD	GBP	EURO
Financial assets						
Cash and cash equivalents	457	32	20	279	-	20
Trade receivables	3,336	153	1,402	2,985	228	1,053
Loans	-	-	-	-	-	-
Other Current financial asset	-	-	-	-	-	-
Less: Foreign currency forward exchange contracts	(1,583)	(3,258)	(5,814)	(1,729)	(543)	(4,118)
Net exposure for assets	2,210	(3,073)	(4,392)	1,535	(315)	(3,045)
Financial liabilities						
Foreign Currency Loans	377	-	6,644	1,038	-	2,720
Short term borrowings	597	-	6,166	7,141	-	1,312
Trade and other payables	576	2	21	1,200	-	17
Less: Foreign currency forward exchange contracts	(151)	(186)	(83)	-	-	-
Net exposure for liabilities	1,399	(184)	12,748	9,379	-	4,049
Net exposure (Assets - Liabilities)	811	(2,889)	(17,140)	(7,844)	(315)	(7,094)

Sensitivity analysis

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

Impact on profit or loss

Movement in currency Particulars	Increase in Exchange rate by 5%		Decrease in Exchange rate by 5%	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019	For the year ended 31st March, 2020	For the year ended 31st March, 2019
USD	41	(392)	(41)	392
GBP	(144)	(16)	144	16
EURO	(857)	(355)	857	355

Sarla Performance Fibers Limited
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II Interest rate risk

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

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

Interest Rate Exposure:

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Term loans - long term		
Floating Rate Borrowings	1,947	1,038
Fixed Rate Borrowings	17,717	14,566
Non Interest bearing	113	87
Short term borrowings	6,869	8,454
	26,646	24,145

Interest rate sensitivities for floating rate borrowings :

Movement in rate	Increase in Exchange rate by 0.25%		Decrease in Exchange rate by 0.25%	
Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Term loans - long term	5	3	(5)	(3)
Short term borrowings	17	21	(17)	(21)

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

48 Right to use of lease assets

Rs in lakhs

Leases	
The Company has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (April 1, 2019). Accordingly, previous year information has not been restated. Also refer Note 3.1 of the financial statements.	
I	Disclosure in respect of operating lease (as Lessee):
a)	Additions to right of use assets during the reporting year ended 31 March 2020 and its carrying value as on that date
	Particulars
	2019-20
	Addition of right-of-use assets that do not meet the definition of investment property
	Buildings
	86
	Total
	86
	Depreciation charged during the current year
	Buildings
	24
	Total
	24
	Carrying value of Right-of-use assets
	Buildings
	62
	Total
	62
(b)	Maturity Analysis of Lease liabilities
	Maturity analysis – contractual undiscounted cash flows
	As at
	31st March, 2020
	Less than one year
	22
	One to five years
	5
	More than five years
	5
	Total undiscounted lease liabilities for the year ended
	32
	Lease liabilities included in the statement of financial position
	Current
	20
	Non-current
	7
(c)	Amounts recognised in the statement of profit or loss
	Particulars
	2019-20
	Depreciation
	24
	Interest on lease liabilities (included in finance cost)
	3
	The expense relating to short-term leases accounted for applying paragraph 6. This expense need not include the expense relating to leases with a lease term of one month or less
	-
	The expense relating to leases of low-value assets accounted for applying paragraph 6. This expense shall not include the expense relating to short-term leases of low-value assets included in paragraph 53(c)
	-
	The expense relating to variable lease payments not included in the measurement of lease liabilities
	-
	Income from subleasing right-of-use assets
	-
	Gains or losses arising from sale and leaseback transactions
	-
(d)	Amount recognised in the statement of cash flows
	Particulars
	2019-20
	Total cash outflow for leases (excluding variable lease payments, short-term leases, leases of low-value assets)
	22
	Transition
	1. Applied a single discount rate to a portfolio of leases.
	2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

49 The group has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of the liability. For the current financial year, the impact on account of above (net of depreciation and amortization) is decrease in profit before tax of Rs. 76 lakhs (in Previous year decrease in profit Rs. 51 lakhs). The net loss remaining unamortized under Foreign Currency Monetary Item Translation Difference Account as at 31st March 2020 is Rs. 36 lakhs (net loss as at 31st March 2019 Rs. 51 lakhs).

50 Disclosures as required under schedule iii to the Companies Act 2013 with respect to Consolidated Financial Statements

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive income		Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated Other comprehensive income	Amount	As % of consolidated profit or loss	Amount
Parent								
Sarla Performance Fibers Limited	110.63%	35,210	118.67%	3,454	11.87%	15	114.22%	3,470
Subsidiaries								
Foreign								
Sarlaflex Inc.	-2.75%	(876)	-20.32%	(592)	-288.86%	(367)	-31.55%	(958)
Sarla Overseas Holding Limited	19.19%	6,108	16.63%	484	374.43%	475	31.59%	960
Intercompany Elimination	-27.09%	(8,620)	-14.26%	(415)	0.00%	-	-13.67%	(415)
Non - Controlling Interest in subsidiaries	0.02%	7	-0.74%	(21)	2.55%	3	-0.60%	(18)

51 Entities not consolidated

Sarla Overseas Holdings Limited has commercial disputes with its JV partners Savitex S.A. De C.V. & MRK S.A. De C.V., resulting into the matter being referred to the appropriate judicial authority in Honduras. The matter being subjudice, the financial performance of both the JV's are not taken in to consideration while preparing the Consolidated Financial Results for the year 2016-17 & 2015-16 & Financial results of Sarla Tekstil have also not been considered as same has not been received.

52 The subsidiary (Sarlaflex, Inc.) has suspended its manufacturing operations since December 2017. The management is confident that with the recent trade sanctions being imposed in the US, the operations of the subsidiary will be profitable. The management is monitoring the situation on a continuous basis and is confident that there would no need for an impairment at this stage. Accordingly, the financial statements of the subsidiary have been prepared based on 'going concern' assumption.

53 Events after the reporting period

No adjusting or significant non - adjusting events have occurred between the reporting date (31st March, 2020) and the report release date (24th July, 2020) except for proposed dividend as disclosed in note 22.6.

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

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

Tel: [0260 – 3290467](tel:0260-3290467), **Fax:** [0260 – 2631356](tel:0260-2631356),

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

NOTICE OF TWENTY SEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Seventh Annual General Meeting** of the members of Sarla Performance Fibers Limited will be held on Wednesday, 30th September, 2020, at 10:00 a.m., at the Registered Office of the Company at Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa – 396230, Union Territory of Dadra & Nagar Haveli to transact the following business:

Ordinary Business:

1. To adopt Financial Statements

To receive, consider and adopt a) the audited financial statements of the Company for the financial year ended 31st March, 2020 and the Reports of the Board of Directors and Auditors thereon; and b) the audited consolidated financial statements of the Company for the financial year ended 31st March, 2020 and the Reports of the Auditors thereon and in this regard, pass the following resolutions as Ordinary Resolutions:

- a) **“RESOLVED THAT** the audited financial statements of the Company for the financial year ended 31st March, 2020 and the Reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”
- b) **“RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended 31st March, 2020 and the Report of Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. To appoint Director retire by rotation

To appoint Ms. Neha Jhunjhunwala [DIN: 07144529], who retires by rotation as a Director and in this regard, pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Ms. Neha Jhunjhunwala [DIN: 07144529], who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Special Business:

3. To ratify the remuneration of Cost Auditors for the financial year ending 31st March, 2020:

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof for the time being in force), and as approved by the Board of Directors of the Company, remuneration of INR. 1,50,000 (Rupees One Lakh Only) (plus applicable taxes and re-imbursement of out of pocket expenses incurred in connection with the audit) to be paid to M/s. B.F. Modi & Associates, Cost Accountants, Vapi (Membership Number: 6955) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company's Textile

units for the financial year ending 31st March, 2021, be and is hereby ratified; and

RESOLVED FURTHER THAT the Board of Directors of the Company and / or Mr. Mahendra Sheth, Chief Financial Officer and Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By order of the Board of Directors

Place: Mumbai
Date: 24th July, 2020

Madhusudan S. Jhunjhunwala
Chairman and 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.

Tel: 0260-3290467, **Fax:** 0260 – 2631356

Email: investors@sarlafibers.com

Website: www.sarlafibers.com

Notes:

I. General Information:

1. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013 ('the Act') Secretarial Standard - 2 on General Meetings and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') in respect of the Special Business under Item Nos. 3 of the accompanying Notice is annexed hereto.
2. The Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, September 23, 2020 to Wednesday, September 30, 2020 (both days inclusive)** for the purpose of AGM.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of Members not exceeding fifty (50) in number and holding in the aggregate not more than ten percent (10.00%) of the total share capital of the Company carrying voting rights. A Member holding more than ten percent (10.00%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or Shareholder. Proxies in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than forty-eight hours before the commencement of the Meeting. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable. A Proxy Form is annexed to this Notice.
4. In compliance with the MCA Circulars and the Securities and Exchange Board of India (SEBI) Circular No. SEBI / HO / CFD / CMD1 / CIR / P / 2020 / 79 dated May 12,

2020, Notice of the 27th AGM along with the Annual Report for Financial Year 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/National Securities Depository Limited and Central Depository Services (India) Limited ('the Depositories'). A copy of this Notice along with the Annual Report for Financial Year 2019-20 is uploaded on the Company's website www.sarlafibers.com, websites of the Stock Exchanges i.e. The BSE Limited and The National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of National Securities Depository Limited (NSDL) at www.evoting.nsdl.com.

5. In case the shareholder's e-mail ID is already registered with the Company/Sharex India Private Limited, the Registrar and Transfer Agent ('SIPL')/Depositories, log in details for e-voting shall be sent on the registered e-mail address.

In case the shareholder holding shares in physical mode has not registered his/her e-mail address with the Company /SIPL /Depositories, he/she may do so by sending a duly signed request letter to SIPL by providing Folio No. and Name of shareholder at (UNIT: Sarla Performance Fibers Limited), C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083. Tel : 022-28515644 /2851560 FAX: 2851 2885 E-mail: sharexindia@vsnl.com Website: www.sharexindia.com

6. In the case of shares held in demat mode, the shareholder may contact the Depository Participant ('DP') and register the e-mail address in the demat account as per the process followed and advised by the DP.
7. The Company's Statutory Auditors, M/s. CNK & Associates LLP, Chartered Accountants, Mumbai [ICAI Firm Registration Number: 101961W] were appointed as Statutory Auditors of the Company for a period of Five (5) consecutive

years at the 24th Annual General Meeting (AGM) of the members of the Company held on 29th September, 2017 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors.

Their appointment was subject to ratification by the Members at every subsequent AGM held after the AGM held on 29th September, 2017. Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from 7th May, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute.

In view of the above, ratification by the Members for continuance of their appointment at this AGM is not being sought. The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

8. In terms Nos. 2, of the provisions of Section 152 of the Act, Ms. Neha Jhunjhunwala, Director will retire by rotation at the Meeting. Nomination and Remuneration Committee and the Board of Directors of the Company re-commend her re-appointment. Ms. Neha Jhunjhunwala is interested in the Ordinary Resolutions set out at Item Nos. 2, of the Notice with regard to his re-appointment.
9. A brief profile of the Director retiring by rotation and proposed to be re-appointed at this AGM, nature of his expertise in specific functional areas, names of companies in which he holds directorship and membership/chairmanship of Board Committee(s), shareholding and relationship between directors inter se as stipulated under Regulation 36 of SEBI Listing Regulations and other requisite information as per Clause 1.2.5 of Secretarial Standards - 2 on General

Meetings are provided in **Annexure - 1** to this Notice.

10. Relevant documents as required by law and referred to in the accompanying Notice and in the Explanatory Statement shall be available for inspection through electronic mode. Members may write to the Company on secretarial@sarlafibers.com for inspection of said documents and the same will also be available for inspection by the members during the AGM, upon login at NSDL e-voting system at www.evoting.nsdl.com.
11. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30th November, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from 1st April, 2019 unless the securities are held in the dematerialized form with the depositories. Accordingly, the Company / Sharex has stopped accepting any fresh lodgment of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialisation, promptly.
12. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants (DP) with whom they maintain their Demat accounts. Members holding shares in physical form should submit their PAN to the RTA i.e. Sharex India Private Limited of the Company/Company.
13. Members are advised to avail the nomination facility in respect of shares held by them pursuant to the provisions of Section 72 of the Act. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to Sharex Dynamic (India) Private Limited. Members holding shares in

dematerialized form may contact their respective DP for availing this facility.

14. A route map showing directions to the venue of the 27th AGM is given at the end of this Notice as per the requirement of the Secretarial Standard-2 on "General Meetings".

II. Instructions for attending the AGM and Electronic Voting:

A. General Instructions:

1. The cut-off date for the purpose of determining the Members eligible for participation in remote e-voting (e-voting from a place other than venue of the AGM) and voting at the AGM is September 22, 2020 ('Cut-off Date'). Please note that Members can opt for only one mode of voting i.e., either by voting at the meeting or remote e-voting. If Members opt for remote e-voting, then they should not vote at the Meeting and vice versa. However, once an e-vote on a resolution is cast by a Member, such Member is not permitted to change it subsequently or cast the vote again. Members who have cast their vote by remote e-voting prior to the date of the Meeting can attend the Meeting and participate in the Meeting, but shall not be entitled to cast their vote again.
2. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice, holds shares as on Cut-off Date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in with a copy marked to the Company on investor@sharexindia.com. However, if the Member is already registered with NSDL for remote e-voting, then he/she/it can use his/her/its existing User ID and password for casting the vote. Only a Member who is entitled to vote shall exercise his/her/its vote through e-voting and any recipient of this Notice who has no voting rights as on Cut-off Date should treat the same as intimation only.
3. The Board of Directors has appointed CS Ajit Sathe - Proprietor of M/s A. Y Sathe & Co.,

Company Secretaries in Practice (Registration No.: FCS: 2899/COP: 738) as the Scrutinizer (hereinafter referred to as ('the Scrutinizer')) to scrutinize the remote e-voting and the voting process at the AGM in a fair and transparent manner.

4. The Scrutinizer, after scrutinizing the votes casted through remote e-voting and at the Meeting through ballot or poll paper, will prepare a consolidated report and submit the same to the Chairman or Managing Director of the Company within forty-eight hours of the conclusion of the Meeting.
5. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company (www.Sarlafibers.com) and on the website of NSDL at (www.evoting.nsdl.com) immediately after the declaration of result by the Chairman or Managing Director of the Company. The results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
6. Corporate Members are required to scan and send a certified true copy of the Board Resolution, pursuant to Section 113 of the Act, authorizing their representatives to attend and vote on their behalf at the Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail through their registered e-mail address to mail@csajitsathe.com with a copy marked to the Company on secretarial@sarlafibers.com.
7. Members, Proxies and Authorized Representatives are requested to bring to the Meeting, the attendance slip enclosed herewith, duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No. Duplicate Attendance Slip or copies of the Report and Accounts will not be made available at the AGM venue.
8. The results once declared along with the Scrutinizer's Report shall be placed on the Company's website www.sarlafibers.com and

on website of NSDL www.evoting.nsdl.com within forty eight hours of conclusion of the AGM and will also be communicated to The BSE Limited and The National Stock Exchange of India Limited, where the shares of the Company are listed.

B. Procedure for Remote e-Voting and e-voting during the AGM:

1. Pursuant to Section 108 of the Companies Act, 2013 read with the Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company is pleased to provide its Members the facility of remote e-voting to exercise their right to vote at the 27th AGM. The business may be transacted through e-voting services rendered by National Securities Depository Limited (NSDL).
2. The remote e-voting period begins on Sunday, September 27, 2020 at 9:00 am IST and ends on Tuesday, September 29, 2020 at 5.00 p.m. 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 Monday, 23rd September, 2020, 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.

3. Instructions and information relating to e-voting are as follows:

- i. Visit the e-voting website of NSDL on your web browser by typing the following URL: www.evoting.nsdl.com either on a Personal Computer or on a mobile.
- ii. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholders' section.
- iii. A new screen will open. Enter your User ID, your Password and a Verification Code as shown on the screen.
- iv. Alternatively, if you are registered for NSDL e-Services i.e. IDEAS, you can log-in at www.eservices.nsdl.com with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to cast your vote electronically.

v. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your User ID is 12*****
c) For Members holding shares in Physical Form.	EVEN followed by Folio Number registered with the Company For example, if Folio Number is 001*** and EVEN is 101456 then User ID is 101456001***

- vi. Your password details are given below:
 - a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- vii. Follow the below mentioned procedure to retrieve your 'initial password':
 - a. If your e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a PDF file. Open the PDF file. The password to open the PDF file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The PDF file contains your 'User ID' and your 'initial password'.
 - b. If your e-mail ID is not registered, please follow steps mentioned in the Notice for registering your e-mail address.
- viii. If you are unable to retrieve or have not received the 'Initial password' or have forgotten your password:
 - a. Click on 'Forgot User Details/ Password?' (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b. Click on 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c. Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
- d. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- ix. After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.
- x. Now, please click on 'Login' button.
- xi. On successful login, Home page of e-voting will open.
- xii. Click on e-voting. Then, click on Active Voting Cycles.
- xiii. After clicking on Active Voting Cycles, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle is in active status.
- xiv. Select 'EVEN' of Sarla Performance Fibers Limited which is 114442.
- xv. You are now ready for e-voting as the voting page opens.
- xvi. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
- xvii. Upon confirmation, the message 'Vote cast successfully' will be displayed.
- xviii. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

- xix. Once you confirm your vote on any resolution, you will not be allowed to modify your vote.
- xx. Guidelines for Institutional shareholders: Institutional shareholders / Corporate Members (i.e. other than Individuals, HUF, NRI, etc.) are requested to send a scanned copy (PDF / JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorised to vote, to the Scrutinizer at mail@csajitsathe.com with a copy marked to evoting@nsdl.co.in.
- xxi. Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- xxii. A Member can opt for only one mode of voting i.e. either through remote e-voting or by voting at the AGM. Once a Member has voted, he/she/it will not be allowed to vote again.
- xxiii. In case of joint holders attending the Meeting, the joint holder who is highest in the order of names will be entitled to vote at the Meeting provided the votes are not cast through remote e-voting.
- xxiv. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.
- xxv. 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.
- xxvi. 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.

III. Investor Education and Protection Fund ('IEPF') related:

1. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, the Company has transferred on due dates, all unclaimed dividends up to the Financial Year 2011-12 to Investor Education and Protection Fund ('said Fund') established by Central Government. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the Company has uploaded the details of the unpaid and unclaimed amounts lying with the Company on the website of the Company (www.sarlafibers.com), and also on the website of the Ministry of Corporate Affairs (www.mca.gov.in). Unclaimed dividend for the Financial Year 2012-13 will fall due for transfer to the said Fund on 13th November 2020. Those Members, who have not encashed their dividends for the Financial Year 2012-13, are requested to claim it from the Sharex Dynamic India Private Limited of the Company immediately. Those Members who have not so far claimed their dividend for the subsequent financial years are also advised to claim it from the Company or the Sharex Dynamic India Private Limited.
2. Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, all equity shares of the Company on which dividend has not been paid or claimed for seven consecutive years or more on 11th October, 2020 shall be transferred by the Company to the said Fund. These details are also available on the Company's website www.sarlafibers.com. No claim shall lie against the Company in respect of these

equity shares post their transfer to said Fund. Upon transfer, the Shareholders will be able to claim these equity shares only from the said Fund by making an online application to the IEPF Authority, the details of which are available at www.iepf.gov.in. All correspondence should be addressed to the Sharex Dynamic India Private Limited (UNIT: Sarla Performance Fibers Limited), C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083. Tel : 022-28515644 /2851560 FAX: 2851 2885
E-mail: sharexindia@vsnl.com
Website: www.sharexindia.com

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE ACT AND REGULATION 36 OF THE SEBI LISTING REGULATION

Item No. 3: Ratification of remuneration to Cost Auditor for financial year ending 31st March, 2020

The Board of Directors at its Meeting held on July 24, 2020, upon the recommendation of the Audit Committee, approved the appointment of M/s. B.F. Modi & Associates, Cost Accountants, Vapi, (having Membership

No. 6955), to conduct the audit of the cost records of the Company's Textile units on a remuneration of INR. 1,50,000 (Rupees One Lakh Only) (excluding all applicable taxes and reimbursement of out of pocket expenses incurred in connection with the audit) for the Financial Year ending March 31, 2021.

In terms of the provisions of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (as amended from time to time) the remuneration as mentioned above, payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2021 as set out in the Ordinary Resolution for the aforesaid services to be rendered by them.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the said Resolution.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Members.

By order of the Board of Directors

Place: Mumbai
Date: 24th July, 2020

Registered Office:
SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]

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

Tel: 0260-3290467, Fax: 0260 - 2631356

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

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

ANNEXURE 1

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

[Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard-2 on General Meetings]

Name of Director	Ms. Neha Jhunhunwala
DIN	07144529
Date of Birth	22/02/1989
Age	31 years
Date of First appointed on the Board	31/03/2015
Qualifications	Bachelor's degree in Management Studies
Experience and Expertise	Experience in Management
No. of Meeting of the Board Attending during the year	3 out of 4
List of Directorship of other Board	NA
List of Membership / Chairmanship of Committees of other Boards	NA
Shareholding in Sarla Performance Fibers Limited	4000 Equity Shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Daughter of Krishnakumar Jhunhunwala Granddaughter of Madhusudan Jhunhunwala
Terms and Conditions of re-appointment	As mentioned in Explanatory Statement to Notice
Details of remuneration last drawn (FY 2019-20)	NA
Details of remuneration sought to be paid	NA
Justification for choosing the appointees for appointment as Independent Director	NA

By order of the Board of Directors

Place: Mumbai
Date: 24th July, 2020

Madhusudan S. Jhunhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Registered Office:
SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]

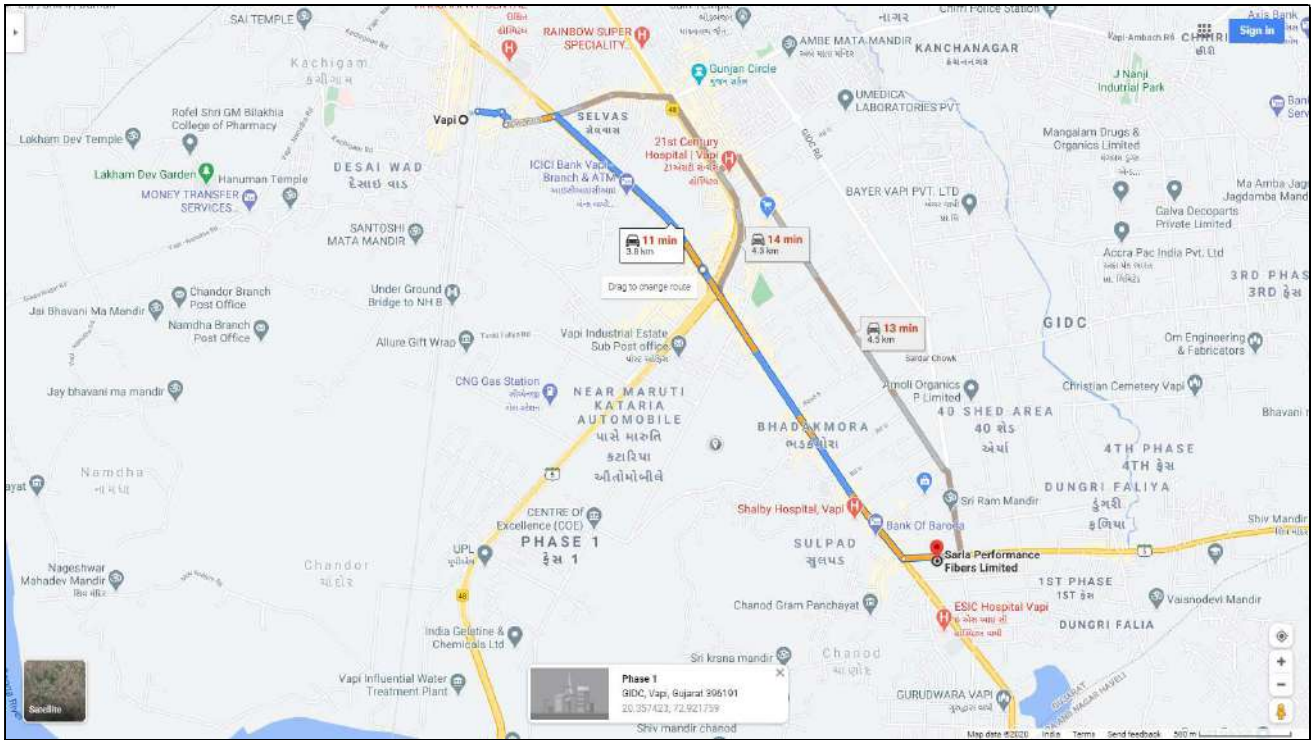
Survey No. 59/1/4, Amla Piparia Industrial Estate, Silvassa, U.T. of Dadra & Nagar Haveli – 396230

Tel: 0260_3290467, Fax: 0260 – 2631356

Email: investors@sarlafibers.com

Website: www.sarlafibers.com

ROUTE MAP to the venue of Annual General Meeting
(From Vapi Railway Station to Sarla Performance Fibers Limited)



By order of the Board of Directors

Madhusudan S. Jhunjunwala
Chairman and Whole Time

(DIN: 00097254)

Date: 24th July, 2020
Director
Place: Mumbai

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
Tel: 0260-3290467, Fax: 0260 – 2631356

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

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

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

Tel: 0260 – 3290467, **Fax:** 0260 – 2631356,

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

ATTENDANCE SLIP
27TH 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):

Number of Shares:

I/ We hereby record my/our presence at the 27th Annual General Meeting of the Company to be held
at registered office on Wednesday, 30th September, 2020 at 10:00 AM

**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. 20 to the Notice of Annual General Meeting. The voting time starts from Sunday, 27th September, 2020 (9:00 am IST) and ends on Tuesday, 29th September, 2020 (5:00 pm IST). The voting module shall be disabled by NSDL for voting thereafter.

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

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

Tel: 0260 - 3290467, **Fax:** 0260 - 2631356,

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

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, Amlipiparia Industrial Estate Silvassa DN 396230
India

Name of 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 _____

Email 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 27th Annual General Meeting of the Company, to be held on Wednesday, 30th September, 2020 at 10:00 AM, at the Registered Office of the Company at Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa, U.T. of Dadra & Nagar Haveli - 396230, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolution	For	Against
1.	Adoption of Financial Statements: a) the audited financial statements of the Company for the financial year ended 31 st March, 2020 and the Reports of the Board of Directors and Auditors thereon; and b) the audited consolidated financial statements of the Company for the financial year ended 31 st March, 2020 and the Reports of the Auditors thereon.		
2.	Appointment Ms. Neha Jhunjunwala as a Director to retire by rotation.		
3.	Ratification of remuneration to Cost Auditor for financial year ending 31 st March, 2021.		

Signed _____ day of _____, 2020.

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.