



sensible growth

2010 - 11  
18th ANNUAL REPORT



## Cover Page Theme : **sensible growth**

This year's theme is based on the company's well spread growth from different parts of the world, rising investments in wind power and continued focus on our core business of performance fibers. In our 18th year, we want to embrace the world with a lot of sensible behaviour. In true sense, our pursuit of sensible growth is to fulfil expectations of all our shareholders.



### From exports to global operations

We have always been export oriented company but in past few years we have consciously created global operations to work closely with large customers. We started globalizing in 2006 by setting up the joint venture 'Savitex' in Hinduras. Over the last 2 years, we created presence in Turkey and Portugal by investing in production facilities/partnerships. We also invested in dedicated warehousing facilities in Vietnam and Thailand as a part of increased service offering to key clients.

### Performance yarns - Unrelenting Focus

While globalizing and diversifying into wind power, our focus on performance yarns has only increased. During the past year, we continued to supply high tenacity nylon and polyester yarns to large global apparel makers. We enhanced quality by revamping our dye house, enabling us to win new orders from clients in US, Europe. We have remained clear on making high tenacity polyester and nylon, catering to niche and specialized market segments as compared to a very large commodity yarn segment of the textile sector.

### Windmill - a win win for shareholders and society

We experimented by putting up a windmill 15 months back. Since then we have added some capacities and expect to carry out more investments in the future. Govt's new incentives make wind power much more attractive investment than offering a mere tax benefit. With just 4% of India's power coming from non-conventional energy vs 25% globally, we find it a good cause to invest in wind power. Today, we generate from wind power half of the energy we use in our manufacturing operations.



Board of Directors:

Madhusudan Jhunjunwala	Chairman & Whole-time Director
Krishnakumar M. Jhunjunwala	Managing Director
Arun Vaid	Director
Jigar A Shah	Director
Anil Kumar Jain	Director

Company Secretary:

Manish Agarwal

Audit Committee:

Arun Vaid	Chairman
Madhusudan Jhunjunwala	Member
Jigar A Shah	Member

Auditors:

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

Bankers:

Andhra Bank	Citibank
Corporation Bank	DBS Bank
Standard Chartered Bank	Yes Bank

Registered Office:

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

Plants:

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

Corporate Office:

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

Website:

[www.sarlafibers.com](http://www.sarlafibers.com)

Investors services e-mail id:

[investors@sarlafibers.com](mailto:investors@sarlafibers.com)

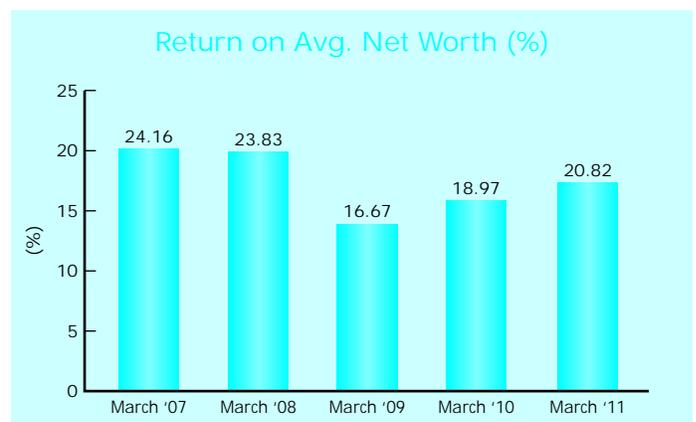
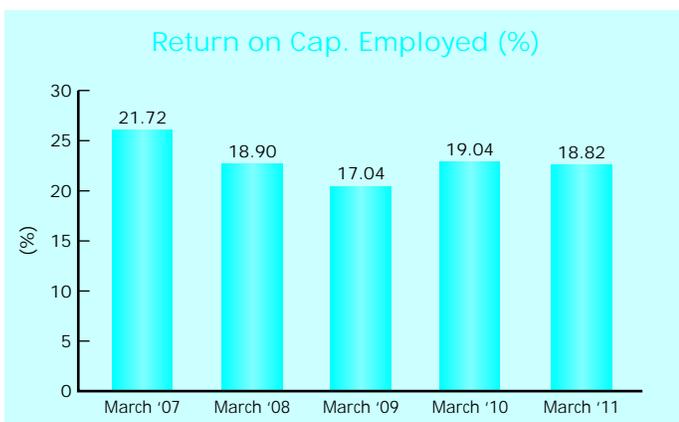
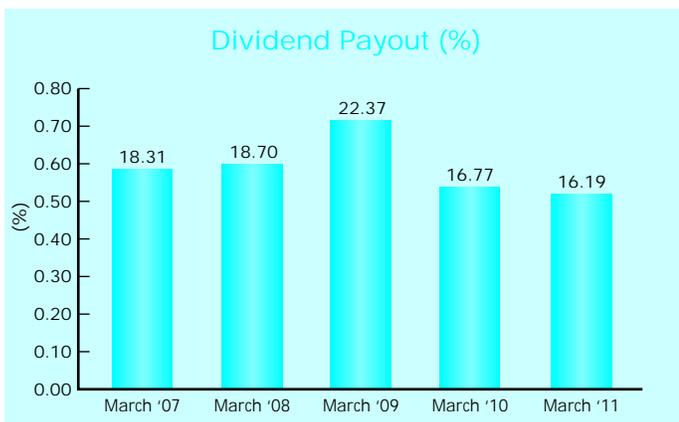
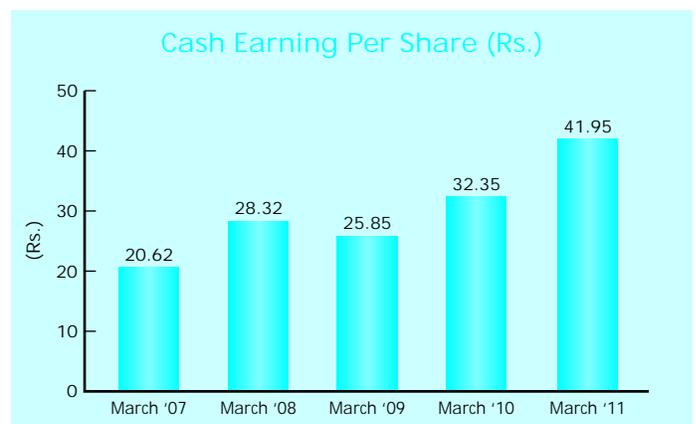
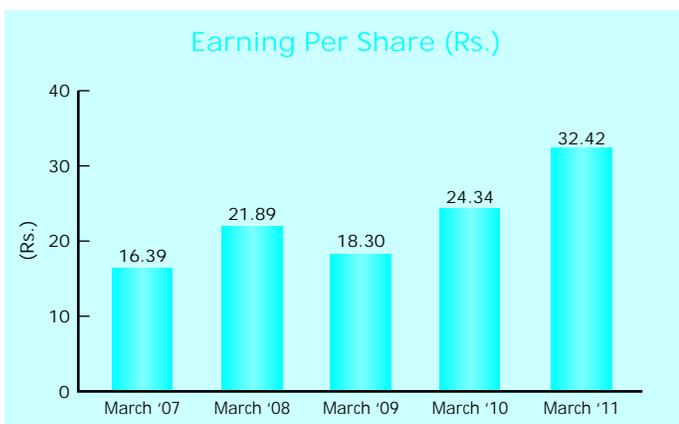
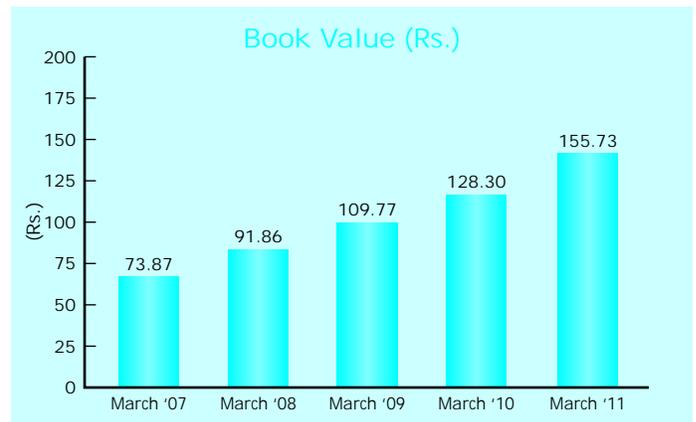
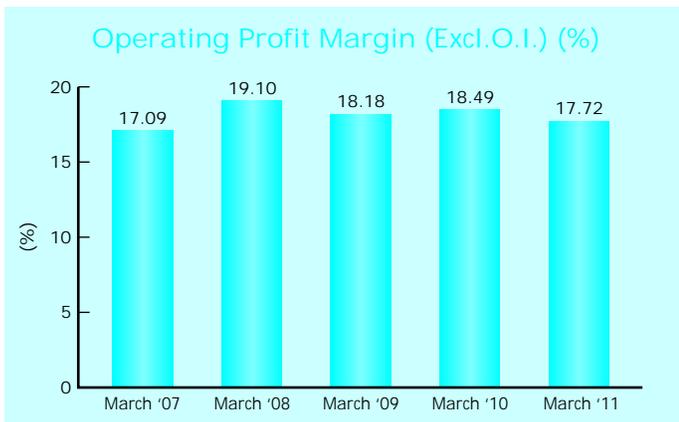
Registrars & Transfer Agents:

M/s. Sharex Dynamic (India) Pvt. Ltd., 17/B,  
Dena Bank Building, 2nd Floor, Horniman Circle,  
Fort, Mumbai – 400 001.

## Contents

Board of Directors	01
Performance at a Glance - Consolidated	02
From the Desk of Managing Director	03
Directors Report	04
Corporate Governance Report	13
Auditors Report	19
Balance Sheet	22
Profit and Loss Account	23
Schedule to Balance Sheet	24
Cash Flow Statement	31
Consolidated Financial Statement	41
Notice	57

PERFORMANCE AT A GLANCE - CONSOLIDATED



## FROM THE DESK OF MANAGING DIRECTOR

Dear Shareholders,

The best index of a company's success is its longevity. Such longevity comes from living in harmony with the context - the society.

Our entry into 'adulthood', 18th year of operations is incidentally the best year in the history of your company. For the year gone by, our consolidated earnings rose by 30%. Over 40% of our earnings now come from subsidiaries and joint ventures compared to a negligible proportion in 2006. The major contribution to earnings growth in the last year came from our increased business with one of the largest retailer of innerwear globally. There is large opportunity of working with sizeable large global customers in which we have just made a humble beginning. We are aiming at increasing market share with this customer and adding such new customers. Our initiative of establishing our presence in Europe through partnerships in Turkey and Portugal should start making some contributions from the current year.

For the textile sector as a whole, it was the best year in recent history because of sharp rise in product prices and inventory gains (cotton+100%, polyester+40%). The widening difference between price of natural fiber like cotton and man made fiber like polyester will only increase global consumption of the cheaper polyester yarn. This is a positive scenario for us when polyester prices are less than half of the cotton prices.

Perhaps, the high price of energy may sustain high polyester and nylon prices in this year too. Critics may observe that our growth last year is due to the boom in fiber prices. In the backdrop of continued weakness in our main markets, I feel our quality of growth was superior than in the past. Actually, our raw material costs for the year gone by increased to 55% of sales from 44% for FY10. When we deal with large customers we benefit from the scale but getting a quick pass through is not possible, we may have been lucky but luck was not the dominant factor in our success this time.

Our endeavor is to achieve 'sensible growth' and not 'sustainable growth'. Let me explain factors which drive our 'sensible growth'.

- Focus on per unit profit in core business of high tenacity yarns
- Allocation of capital into productive assets
- Diversification of risk

For the past 5 years our sales of high tenacity yarns have grown in volume and value. More importantly, our average per unit gross spread remained between ₹.90/kg and ₹.100/kg. This could become possible due to sales to chosen clients with high affordability and focus on quality. We generated an operating free cash flow of ₹.6000 lacs in the past 4 years.



The internal cash flow has been ploughed back into our investment in production facilities in Turkey, Portugal and Honduras (₹.171.68 Lacs). These investments have an attractive payback period. Addition to fixed assets has been ₹.661.70 lacs, without resorting to any outside debt. Payback period on these is also reasonably good. Recent investments in wind mills are earning a high double digit return on investments.

Risk to us comes from wrong allocation of capital, high exposure to a particular geography or client. By putting 13% of our capital into wind power generation we have diversified some risk from being fully exposed to textile. This is quite relevant because, textile as a sector has not been particularly stable for years. There are glaring examples of overcapitalized textile companies which have remained valuable only to the extent of the land they hold. This is true for Indian and global companies with a few exceptions. Expansion into more geographies is still at an experimental stage for us, but the initial experience is encouraging (added 30% growth in Consolidated revenue).

Lastly, I am quite happy to share our consistent dividend pay out with you. Though, we do not have a stated dividend policy, our dividend payout has ranged between 19% to 25% of total earnings in past 5 years. The average dividend yield offered by CNX Smallcap and CNX 500 is 1% vs 3.5% on our stock.

I would like to place on record my heartfelt thanks to all our team members for their hard work, determination and contribution. I also thank our suppliers, bankers and govt. agencies for their continued support. And our shareholders deserve a special mention for their unflinching faith in our ability and their patience.

Sincerely,  
Krishnakumar M. Jhunjhunwala

*sensible growth*

## DIRECTOR'S REPORT

To,  
The Members,

Your Directors have pleasure in presenting their Eighteenth Annual Report on the business and operations of the Company together with Audited statement of Accounts for the year ended 31st March, 2011.

## 1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2010-11	2009-10
Total Income	15,993.54	13,245.18
Profit before Financial Charges and Depreciation	2,501.16	2,345.61
Less: Financial Charges	<u>184.66</u>	<u>234.43</u>
Depreciation	586.45	746.95
Profit before Tax	1,730.04	1,598.67
Less: Provision for Tax	220.00	400.00
Provision for Deferred Tax	269.12	70.20
Provision for Wealth Tax	0.25	0.04
Profit after Tax	1,240.67	1128.43
Prior period Adjustments	0	0
Balance brought forward	3831.27	3,292.46
Short Provision of Income Tax of earlier years	0	5.62
Surplus available for appropriation	5,071.94	4,415.27
APPROPRIATION		
Transfer to the General Reserve	300.00	300.00
Dividend @ 45% (P.Y. 35%)	312.76	243.26
Dividend Tax	51.95	40.40
Balance carried forwarded to the Balance Sheet	4,407.23	3,831.60

## 2. BUSINESS PERFORMANCE

Your directors are pleased to report performance of the Business operations as follows :

- Operations: During the year under review the sales of the Company were Rs. 15868.70 Lacs as against Rs. 13161.68 Lacs in 2009-10 registering an annual growth of 20.56%. The FOB value of exports increased by 19.16% from Rs. 6802.49 Lacs to Rs. 8106.11 Lacs .
- Profitability: The profit before Depreciation, Interest & Tax was Rs. 2501.16 Lacs as compared to Rs. 2345.61 Lacs in the previous year. After providing for depreciation of Rs. 586.45 Lacs (Previous Year Rs. 512.52 Lacs) & provision for taxation of Rs. 489.38 Lacs (Previous Year Rs.470.24 Lacs), there was a net profit of Rs. 1240.67 as compared to Rs.1128.43 Lacs in the Previous Year.
- Dividend: Your Directors have pleasure in recommending dividend @ 45% for the year ended 31st March 2011 .

## 3. MANAGEMENT DISCUSSION &amp; ANALYSIS

This section of the Annual Report has been included in adherence to the spirit enunciated in the Code of Corporate Governance approved by the Securities and Exchange Board of India.

*Globalization is about sourcing capital from where it is the cheapest, sourcing talent from where it is best available, producing where it is most efficient and selling where the markets are, without being constrained by national boundaries.*

Shareholders are cautioned that certain data and information external to the Company is included in this section. Though these data and information are based on sources believed to be reliable, no representation is made on their accuracy or comprehensiveness. Further, though utmost care has been taken to ensure that the opinions expressed by the management herein contain their perceptions on most of the important trends having a material impact on the Company's operations, no representation is made that the following presents an exhaustive coverage on and of all issues related to the same. The opinions expressed by the management may contain certain forward looking statements in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Shareholders are hence cautioned not to place undue reliance on these statements, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events, or otherwise.

## DIRECTOR'S REPORT

### a. Business Overview:

◆ **Economy:** After 2 years of recovery in global and Indian economy, a sense of slowdown is emphatic for FY 2011-12. The IMF lowered global GDP growth to 4.3% for 2011. The Reserve Bank of India estimates India's GDP growth between 7.5%-8% for FY12. The world economy is more perplexing than before. Some of the critical global economic issues in the short to medium term are:

- End of QE 2 program in the US and its fall out on growth
- European debt crisis
- Turmoil in Japan following Tsunami
- High commodity prices and weakening US\$ and Euro
- High inflation and rising interest rates in Asia
- Slowing CAPEX cycle and weakness in equity issuance

A resolution of the above issues will require some time and no quick fix is likely. Indian economy due to its consumption led growth as compared to other countries is better placed. However, its growth is becoming questionable in the wake of recent corruption scandals, slow progress of policy actions and lack of infrastructure. It is in the backdrop of these dynamic factors, we need to brace ourselves for a 'sensible growth.'

◆ **Business Overview:** Sarla Performance Fibers Limited, is a global manufacturer of performance fibers having operations in all parts of the world. After a modest beginning as producer of regular polyester yarns, SPFL is a transformed company. In recent years the company's emphasis has been to focus on

difficult end user applications, higher value added yarns, to leading global apparel brands and companies. While it still manufactures some commodity yarns, the major focus has been in the area of Performance Fibers. To aid the strategy further, the company set up a manufacturing facility under a JV in 2006 in Honduras, Central America. Central America is the gateway to the North American market which is still the largest market for high tenacity yarns used in specialized applications. Last year, we established a presence in Turkey, a gateway to Europe. A manufacturing facility was established in Portugal as well. Over the years, it will help us work closely with customers and increase volume.

◆ **Customer Segments and Growth:** The company's customer segments can be divided into three parts.

1. Innerwear, Narrow Fabrics, Hosiery and Sportswear
2. Sewing Threads
3. Industrial Applications

All our major business segments have witnessed growth last year. Of the above, market for innerwear is expanding very rapidly in 50 countries and we are working with branded producers of lingerie. The demand for sewing threads is stable with large demand coming from Europe and from India. Demand for industrial application of yarns is strong from the US market. Apart from selling to large suppliers of branded garment makers, we made inroads into the institutional segment such as Defense for the first time.

### Segment Break Up

(% of Total Sales)

Particulars	FY 2010-11	FY 2009-10
Innerwear, Narrow Fabrics, Hosiery and Sportswear	44.73	47.45
Threads	18.29	25.34
Industrial Applications	10.52	7.77
Commodities	26.46	25.34
	100.00	100.00

### Geographical Break Up

(% of Total Sales)

Region	FY 2010-11	FY 2009-10
South, North & Central America	13.73	13.17
Middle East & Europe	32.81	35.63
Africa	2.22	2.51
Asia Pacific	51.24	48.69
	100.00	100.00

In all, we export to over 40 countries and to 100 customers. Our customer concentration is well distributed and no single customer exceeds more than 6% of our total revenues.

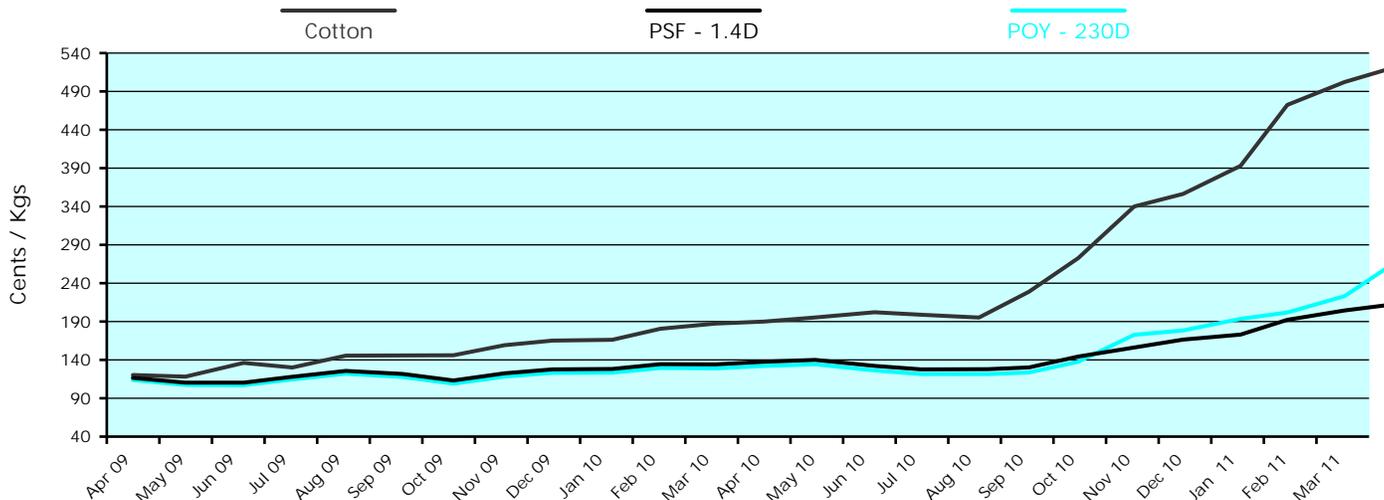
### b. Opportunities and Threats:

For FY11, textile exports grew by 15% to US\$ 20.5 billion. This can be partly attributed to some appreciation in the Chinese Yuan vs the US\$ and partly to increasing cost of Chinese products. FY11 was one of the best years for the POY industry in India due to 40% increase in yarn price. Given that cotton price is still 130% higher

than POY (historical premium is 40%) a shift in demand to polyester will continue. The opportunity for direct and deemed export is getting better. Local demand is also on the rise with growing use of branded garments. The downside is rising cost of key raw materials such as PTA, MEG and Caprolactum. The management of per unit profit will be a challenge. However, absolute earnings growth could be managed by planning strong volume growth.

DIRECTOR'S REPORT

Graph showing POY and Cotton yarn price for FY11



Gap between Cotton Price and Polyester Widened (Cents / Kgs)

	Apr 10	July 10	Oct 10	Jan 11	Mar 11
Cotton	194.0	203.0	279.0	395.0	502.0
PSF	135.0	125.0	144.0	195.0	225.0
POY	141.0	131.0	148.0	177.0	206.0

c. Outlook:

We are cautiously optimistic for FY12 because we have built strong engines of growth. Our new facilities in Turkey and Portugal as well as a revamped dye house in India will drive volume. An increase in the proportion of nylon yarn in the total volume may boost gross spread. However, our key difficulty will be to absorb high raw material cost and get price increase with customers in time. A tight control over cost of finance and increased income from wind energy will help offset the pressure on our profitability this year. In conclusion, a growth in line with that of last year is not out of

reach.

d. Financial Performance:

Turnover: The company turnover(excluding Trading Sales) grew by 27% in FY 10-11. This increase can be attributed to 23% volume and 4% price growth.

Expenditure: The total expenditure increased by 25% for FY11, in line with the increase in revenue. Apart from rising cost of raw material, there was a sharp rise in cost of packaging and freight.

Item	2010-11	(Rs. in Lacs)	2009-10	(Rs. in Lacs)	% Increase
Raw Material Cost	9,191.56		6,852.52		34.13
Expenditure	4,794.63		3,944.01		21.57
EBIDTA	2,501.16		2,345.61		6.63
Interest Cost and Debt	184.66		234.43		(21.23)
Fixed Assets (Gross Block)	10,458.54		8,571.84		22.01
Net Current Assets	6,607.68		5,570.89		18.61
Working Capital Finance	3,473.79		2,917.38		19.07
Cash & Bank Balances	919.30		759.51		21.04

Note: standalone performance comparison.

Raw Material Cost: Our raw material mainly consists of polyester and nylon/POY/chips which are in turn made from PTA, MEG and Caprolactum. Prices of all these raw material rose very sharply last year. Our total raw material cost increased by 34% last year. As a percentage of total cost it increased to 59% from 49% in FY10.

EBIDTA: EBIDTA margin at 15.8% was down 200 bps compared to FY10.

Interest Cost and Debt: Total debt of the company increased by 32% to Rs. 461 million. Average cost of borrowings was

below 6%.

Fixed Assets: The fixed assets during the year increased by Rs. 189 million. Of this, Rs. 123 million was towards new wind mill and balance for textile machineries & factory buildings .

Working Capital: Our working capital requirements increased in tandem with the business. The average collection period remained below 90 days and inventory period below 70 days.

Cash Flow: We generated operating free Cash Flow of Rs. 129 million.

## DIRECTOR'S REPORT

**Expansion:** During the year, the company has invested Rs. 66 million in Plant & Machinery and Building in the yarn segment.

**Diversification:** Last year the Company has decided to diversify into Wind Power by putting up a Wind Power Plant in Baradiya, Gujarat of the capacity of 1.25 MW with an investment of Rs. 63 million. During this year, the company has put up another Wind Mill at Satara, Maharashtra with the capacity of 2 MW with a total investment of Rs. 123 million. The company is looking forward to it, on one part, as a better investment opportunity and on the other part, towards social responsibility as generation of green energy.

### e. Risks and Concerns:

**Interest Rates:** The company's present Debit equity Ratio is 0.55. Long Term D/E is 0.13. The interest cost to revenue is 1% and average cost of borrowings is 5%. All of our borrowings are for majorly working capital in the core synthetic yarn business. For wind power business, the company has taken a fresh term loan of Rs. 89 million in this year.

**Exchange Rate:** 55% of company revenue is in foreign currency is in hard currency and balance is deemed exports, and domestic tariff area. Also we import 43% of total turnover, i.e. including trading sales(71% of the total raw material purchases) creating a natural hedge. Apart from this, from time to time forward cover is taken to hedge exposure in foreign currency.

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

**Competition:** The company faces competition in India from the Chinese products. In the export market, our main competition is with large global producers of high tenacity yarns. Our main advantage is multiple low cost locations for manufacturing and flexibility to offer customization. However, due to relatively small size we do not have an edge in procurement of raw material.

### f. Internal Control System and Their Adequacy:

The company has in place reasonable system of internal control comprising authority levels and powers, supervision, checks and balances, policies, procedures and internal audit. The system is reviewed and updated on an on-going 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. Material Development in Human Resources/Industrial Relations:

The company continues to lay significant emphasis in nurturing the all round development of Human Resources with special emphasis on training its employees to equip themselves to face challenges in the competitive business environment and achieve desired goals. The relations with employees at all facilities of our company have been harmonious.

### h. Capital Expansion and Investment:

For the current year, we have out lined a CAPEX for new wind mills and balancing equipments in the dye house. We expect CAPEX to go down as compared to previous year. We do not envisage large CAPEX or investment unless a substantial new opportunity emerges.

### i. Performance Analysis - on a standalone basis

Item	2010-11	2009-10	2008-09	2007-08	2006-07
<b>A. Operational Performance (%)</b>					
Operating Profit Margin (excl. O.I.)	14.97	17.19	16.37	17.96	17.09
Operating Profit Margin (incl. O.I.)	15.76	17.82	16.54	18.77	19.53
Interest / Sales	1.16	1.78	2.47	1.69	1.61
Tax/PBT	28.29	29.41	31.66	19.42	23.14
Net Profit Margin	7.82	8.57	6.94	10.97	11.48
<b>B. Financial Performance</b>					
Debt / Equity (x)	0.55	0.46	0.58	0.71	0.57
Interest Coverage (x)	13.54	10.01	6.71	11.10	12.17
Average Cost Of Debt (%)	4.55	6.34	7.36	5.24	6.63
Debtors Period (days)	93.17	95.87	108.55	112.76	90.77
Closing stock (days)	75.55	65.40	69.15	71.12	61.37
Inventory Turnover Ratio (x)	4.83	5.58	5.28	5.13	5.95
Fixed Assets Turnover (x)	2.20	2.23	2.39	2.24	2.80
Net Current Assets Turnover (x)	2.40	2.36	2.10	2.07	2.28

*In God I Trust; everyone else must bring data to the table.*

*sensible growth*

## DIRECTOR'S REPORT

## Performance Analysis... (Contd.)

Item	2010-11	2009-10	2008-09	2007-08	2006-07
<b>C. Valuation Parameters</b>					
Earnings Per Share (Rs.)	17.85	16.24	12.33	17.16	16.39
Cash Earnings Per Share (Rs.)	26.29	30.38	24.63	23.12	20.62
Dividend Per Share (Rs.)	4.50	3.50	3.50	3.50	3.00
Dividend Payout (%)	25.21	21.56	28.80	19.91	18.31
Profit Ploughback (%)	74.79	78.44	71.20	80.09	81.69
Book Value (Rs.)	121.71	109.11	97.04	86.53	73.87
Return on Avg. Net Worth (%)	15.47	15.75	13.24	21.92	24.16
Return on Avg. Cap. Employed (%)	15.15	16.42	14.36	19.49	21.72

## j. Value Added Statement

Particulars	2010-11	2009-10	2008-09	2007-08	(Rs. in Lacs) 2006-07
Income from Production / Operations	16,362.51	13,058.64	12,455.81	11,150.33	9,865.85
Add: Other Income	124.84	83.50	20.63	89.36	144.25
Corporate Output	16,487.35	13,142.14	12,476.43	11,239.68	10,010.10
Less: Cost of Raw Materials Consumed	8,846.55	5,843.62	6,533.40	5,826.27	5,508.23
Less: Cost of Traded Goods	345.01	1,008.90	145.15	201.01	—
Less: Other Manufacturing Expenses	3,181.94	2,586.20	2,479.36	2,086.49	1,837.75
Less: Administrative & Other Expenses	1,321.45	1,109.35	1,093.37	843.74	605.10
Equals Gross Value Added	2,792.39	2,594.08	2,225.15	2,282.18	2,059.02
Less: Depreciation & Amortisation	586.46	512.52	476.15	384.91	294.48
Less: Extra Ordinary / Prior Period Items	-	5.62	12.22	73.22	59.34
Equals Net Value Added	2,205.94	2,075.94	1,736.79	1,824.05	1,705.20

	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Allocation of Net Value Added</b>					
To Personnel	291.24	248.46	213.12	162.91	123.85
To Taxes (including tax on proposed dividend)	489.38	510.65	432.68	335.95	372.74
To Creditors (via interest)	184.66	234.43	299.91	188.21	159.68
To Investors (via dividend)	364.71	243.26	243.26	243.26	208.51
To The Company (via retained earnings)	875.95	839.15	547.81	893.72	840.42
	2,205.94	2,075.94	1,736.78	1,824.05	1,705.20

## 4. SUBSIDIARY COMPANIES AND JOINT VENTURES

Sarla Overseas Holdings Limited

Sarla Overseas Holdings Limited, a 100% wholly owned subsidiary of the Company registered at British Virgin Islands during the year 2006-07. The parent company M/s Sarla Performance Fibers Limited has invested in the capital of M/s Sarla Overseas Holdings Limited, a total of US\$ 4,35,000 equivalent to Rs. 183.22 Lacs. The Subsidiary Company is holding 40% stake in M/s Savitex, SA De CV, a Joint Venture based at Honduras, holding 60% share in Sarla Europe based at Portugal, holding 45% shares in Sarla Tekstil based in Turkey and holding 33.33% shares in MRK SA De C.V., based at Honduras, Central America. Both these companies i.e. Sarla Tekstil and MRK SA De C.V. have started the operations in the year 2010-2011.

Sarla Overseas Holdings Limited has made a total turnover of Rs. 1926.89 Lacs and earned a net profit of Rs. 726.82 Lacs. The Joint Venture M/s Savitex, SA De CV has made a total turnover of Rs. 3290.42 Lacs and earned a total net profit of Rs. 621.57 Lacs after depreciation in the financial year 2009-10. This joint venture of the company has established a strong presence in the growing market of Central America, the biggest market for high tenacity nylon and polyester products in the world.

Sarla Europe

Sarla Europe Lda, a subsidiary of Sarla Overseas Holdings Limited Rs. 150.32 Lacs and earned a net profit of Rs. 10.02 Lacs.

In Sarla Europe Lda, Sarla Overseas Holdings Limited is holding 60% share capital of its share capital.

MRK SA De CV

MRK SA De CV which has started the operations in the Financial Year 2010-11 (including other income), has made a turnover Rs. 328.08 Lacs and earned a net profit of Rs. 131.33 Lacs.

Sarla Tekstil Filament Sanayi Ve Tic.

Sarla Tekstil Filament Sanayi Ve Tic., a joint venture company of Sarla Overseas Holdings Limited, has started the operations in the FY 2010-11, posted a turnover of Rs. 62.23 Lacs and incurred a loss of Rs. 28.51 Lacs. In Sarla Tekstil Filament Sanayi Ve Tic., Turkey, Sarla Overseas Holdings Limited is holding 45% of its share capital.

## 5. CONSOLIDATED RESULTS

The Consolidated income from operations and consolidated net profit of Sarla Overseas Holdings Limited including its subsidiary viz. Sarla Europe LDA and its joint venture companies, viz., Savitex SA De

## DIRECTOR'S REPORT

C.V., MRK SA De C.V. and Sarla Tekstil Filament Sanayi, is Rs. 3432.83 Lacs and Rs. 1012.40 Lacs respectively.

The Consolidated Income from Operations and consolidated net Profit of Sarla Performance Fibers Limited including its subsidiary of M/s Sarla Overseas Holdings Limited, its share of profit in Joint Venture in M/s Savitex, SA De CV, Sarla Tekstil and MRK SA De C.V. and the share of profit in Sarla Europe, a subsidiary of Sarla Overseas Holdings Limited, were Rs. 19,301.53 Lacs and Rs. 2253.07 Lacs. Local Laws do not have mandatory requirement of the Audit of the Accounts of Joint Venture Companies, viz. Savitex SA De C.V. and MRK SA De C.V., but the company has employed external auditor to give true and fair picture of the Accounts.

### 6. FIXED DEPOSIT

The company has not accepted any fixed deposit from the public during the Financial year ended under review.

### 7. PERSONNEL:

Particulars of employees within the meaning of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies Amendment Act, 1988, are not applicable since there was no employee who was in receipt of remuneration prescribed under the said Rules.

### 8. AUDITORS:

M/s. Sundarlal, Desai & Kanodia, Chartered Accountants, the Statutory Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

The notes on Accounts referred to in the Auditors' Report are self explanatory and therefore, do not require any further comments.

### 9. DIRECTORS' RETIRE BY ROTATION:

Mr. Madhusudan Jhunjhunwala who retires by rotation and again offers himself and eligible for re-appointment.

Mr. Sanjay Karandikar who has resigned from the director of the company w.e.f. 01st July, 2011.

Mr. Anil Kumar Jain has been appointed as additional director of the Company under Section 260 w.e.f. 09th December, 2011. He will retire from the Director in the ensuing Annual General Meeting and offers himself and is eligible for re-appointment.

### 10. CORPORATE GOVERNANCE:

As required by Clause 49 of the Listing Agreement with Stock Exchanges, Corporate Governance Report is attached as Annexure A

to this Report. Certificate of Auditors regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges is also attached and forms part of Annexure A.

### 11. DIRECTORS' RESPONSIBILITY STATEMENT:

A Directors' Responsibility Statement as required Under Section 217(2AA) of the Companies Act 1956 is given below:-

i. Directors have followed the applicable Accounting Standards in the preparation of the Annual Accounts and proper explanation relating to material departures have been given in Schedule 20 of Notes on Accounts forming part of the accompanying Accounts

ii. Directors have selected the Accounting Policies as given in Schedule 20 of Notes on Accounts 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, 2011 and of the profits of the company for the year ended on that date.

iii. Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the Assets of the company and for preventing and detecting fraud and other irregularities.

iv. Directors have prepared the Annual Accounts for the year ended 31st March, 2011 on a Going Concern basis.

### 12. CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year. From the Consolidated Profit and Loss Account, it may be observed that the net profit after tax stands at Rs. 2,253.07 Lacs.

### 13. SUBSIDIARY

As required under the provisions of Section 212 of the Companies Act, 1956, the statement giving the details under Section 212 is given for Sarla Overseas Holdings Limited, a wholly owned subsidiary of the Company and Sarla Europe Lda, is a subsidiary of Sarla Overseas Holdings Limited, in which Sarla Overseas Holdings Limited holds 60% of its Share Capital.

The Ministry of Corporate Affairs, Government of India, vide its Circular dated 8th February, 2011, has granted a general exemption under 212 (8) of the Companies Act, 1956 from the requirement to attach detailed financial statements of each subsidiary. In compliance with the exemption granted, a statement containing brief financial details of the Company's subsidiary(ies) for the financial year ended 31st March, 2011 is included in the Annual Report under Annexures to Directors Report.

## DIRECTOR'S REPORT

The detailed financial statements and audit reports of the subsidiary of the company is available for inspection at the registered office of the company during office hours and upon written request from a shareholder, your company will arrange to send the financial statements of subsidiary companies to the said shareholder.

## 14. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As required under Section 217(1)(e) of the Companies Act, 1956 and the Rules made there under, the concerned particulars relating to Energy Conservation, technology absorption and foreign exchange earnings and outgo are given in Annexure, which is attached hereto and forms part of the Report.

## FORM 'A'

## Form for Disclosure of particulars with respect to conservation of Energy

	Current Year 2010-11	Previous Year 2009-10
<b>A. Electricity</b>		
a) Purchased		
Unit	2,27,33,040.00	18,872,288.00
Total Amount (Rs.)	7,65,89,009.00	76,169,507.00
Rate/Unit (Rs.)	3.37	4.04
b) Own Generation		
1) Through diesel generator	8,27,978.00	183,872.00
Unit per ltr. of diesel oil	3.40	3.43
Cost/Unit (Rs.)	9.26	7.45
2) Through steam turbine generator	—	—
<b>B. Coal (Specify quantity &amp; where used)</b>	—	—
<b>C. Furnace Oil</b>		
For Generating steam for Boiler – Ltrs.	1,50,200	526,951
Total Amount (Rs.)	38,86,505	12,392,981
Cost/Ltr. (Rs.)	25.88	23.52
<b>D. Gas</b>		
For Generating steam for Boiler – Ltrs.	4,18,266	—
Total Amount (Rs.)	82,10,703	—
Cost/Ltr. (Rs.)	19.63	—
<b>E. Others/Internal generation</b>	—	—

## G. Consumption per unit of production

	Standard (if any)	Current Year 2010-11	Previous Year 2009-10
Product – Yarns (M.T.)	—	11841	9388
Electricity – Units	—	1920	2030
Furnace Oil – Ltrs.	—	205	196
Gas-scm	—	181	—
Coal (Specify quality)	—	—	—
Others (Specify)	—	—	—

## FORM 'B'

## Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&amp;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 Yarn.
3.	Future Plan of Action	To meet the increasing requirement of customers around the world and development of new products.
3.	Expenditure on R & D.	All machineries are dedicated for operational as well as R & D activities hence no separate accounts are maintained and as such expenditure on R & D is not separately ascertainable.
	a) Capital	
	b) Recurring	
	c) Total	
	d) Total R & D expenditure as per 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 and equipment 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. 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.	N. A.

c) Export Plans & Foreign Exchange earnings and outgo:

The Company has now established a potentially solid customer base in European countries especially Italy, Spain, Romania, Turkey, U. K., etc., and Asian Countries like China, Hong Kong etc.

Israel, Jordan, Canada & South America countries like Argentina and Brazil are the thrust areas for the future and a good beginning has been made towards this.

FOREIGN EXCHANGE EARNED (Rs. in Lacs)	FOREIGN EXCHANGE USED (Rs. in Lacs)
Rs. 8,106.11	Rs. 7,226.62

Place: Mumbai.  
Date : 10th May, 2011

15. ACKNOWLEDGMENT

The Directors take this opportunity to place on record their appreciation and sincere gratitude to the various Departments of the Central and State Governments, Andhra Bank, Citibank N.A., Corporation Bank, Yes Bank, DBS Bank and Standard Chartered Bank, for their valuable assistance and support. The Management appreciates the enthusiasm and co-operation of all Contractors/Agencies for their continued support. The Directors also acknowledge the sincere contribution by the workers and staff of the Company at various levels and thank to Company's Shareholders for their continued support.

For and on behalf of Board of Directors

(MADHUSUDAN S. JHUNJHUNWALA)  
Chairman & Whole Time Director

*Success of a corporation is determined by innovating and executing good ideas to become more and more relevant to customers.*

*sensible growth*

## ANNEXURE TO THE DIRECTORS' REPORT

1. PURSUANT TO THE EXEMPTION BY THE MINISTRY OF COMPANY AFFAIRS, GOVERNMENT OF INDIA, THE COMPANY IS PRESENTING SUMMARY FINANCIAL INFORMATION ABOUT SUBSIDIARY AS AT 31ST MARCH, 2011.

S. No	Particulars	Company	
		Sarla Overseas Holdings Limited	Sarla Europe Lda (subsidiary of Sarla Overseas Holdings Limited)
1	Name of the Subsidiary	Sarla Overseas Holdings Limited	Sarla Europe Lda (subsidiary of Sarla Overseas Holdings Limited)
2	Holding Company's Interest	435000 Shares	3 Shares
3	Extent of Holding	100%	60%
4	Subsidiary Financial Year	31st March, 2011	31st March, 2011
5	Reporting Currency	USD	EURO
6	Exchange Rate as on 31-03-2011	45.29	63.53
7	Share Capital (Rs. in Lacs)	196.99	3.18
8	Reserves & Surplus (Rs. in Lacs)	1133.18	-32.19
9	Total Assets (Rs. in Lacs)	1475.75	267.34
10	Total Liabilities (Excl. 7&8) (Rs. in Lacs)	145.57	296.36
11	Investments (Other than in Subsidiary) (Rs. in Lacs)	552.88	NIL
12	Sales (Including Other Income) (Rs. in Lacs)	1926.89	165.49
13	Profit before taxation (Rs. in Lacs)	726.82	10.17
14	Provision for Taxation (Rs. in Lacs)	NIL	0.15
15	Profit After Taxation (Rs. in Lacs)	726.82	10.02
16	Proposed Dividend (including dividend tax, if any) (Rs. in Lacs)	NIL	NIL

2. STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

S. No	Particulars	Company	
		Sarla Overseas Holdings Limited	Sarla Europe Lda (subsidiary of Sarla Overseas Holdings Limited)
1	Name of the Subsidiary	Sarla Overseas Holdings Limited	Sarla Europe Lda (subsidiary of Sarla Overseas Holdings Limited)
2	Holding Company's Interest	435000 Shares	3 Shares
3	Extent of Holding	100%	60%
4	Subsidiary Financial Year	31st March, 2011	31st March, 2011
5	Net aggregate amount of subsidiary's Profit/(Loss) Dealt within the holding company's accounts		
	i) For the Financial Year of the Subsidiary (Rs. in lacs)	726.82	6.01
	ii) For the previous financial years of the subsidiaries since they become the holding company's subsidiaries (Rs. in lacs)	379.14	(29.60)
6	Net aggregate amount of subsidiary's Profit/(Loss) Dealt within the holding company's accounts		
	i) For the Financial years of the subsidiaries	—	—
	ii) For the previous financial years of the since it become the holding company's subsidiary.	—	—

For and on behalf of Board of Directors

Place: Mumbai.

Date : 10th May, 2011

(MADHUSUDAN S. JHUNJHUNWALA)  
Chairman & Whole Time Director

*This is the only planet we have. Conduct yourself as if you have borrowed it from the next generation. Remember that you will have to give it back to them in good shape.*

# CORPORATE GOVERNANCE REPORT

## Annexure - A

### INTRODUCTION

Sarla Performance Fibers Limited (SPFL) [Formerly Sarla Polyester Limited (SPL)] 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.

SFPL has been discharging its statutory obligations and duties and has always complied with the statutory and regulatory requirements. Given below are the company's corporate governance policies and practices in accordance with the provisions of Clause 49 of the Listing Agreement.

A report on the implementation of the Corporate Governance Code of the Listing Agreement by the Company is furnished below :-

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate

*Excellence in works leads to excellence in life and vice-versa.*

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 shareholders value.

### 2. BOARD OF DIRECTORS :

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

The Board of Directors as on 31st March, 2011 and as on the date of this report comprises Executive and Non Executive Directors. The present strength of the Boards is five Directors, consisting of Two Executive and three Non-Executive Directors. The Chairman & Whole-time Director and Managing Directors are Executive and Promoter Directors. The remaining three Directors are Non Executive and Independent Directors.

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

Name of Directors	Category	Financial Year 2010-11		Attendance at the last AGM	No. of Directorship in other Public Companies incorporated in India	Committee positions held in other Public Companies
		Board Meetings Held	Board Meetings Attended			
Mr. Madhusudan S. Jhunjunwala	Chairman - Executive - Promoter	5	4	Yes	—	—
Mr. Krishnakumar M. Jhunjunwala	Managing - Director - Promoter	5	5	Yes	—	—
Mr. Sanjay Karandikar*	Director-Non Executive - Independent	1	1	No	—	—
Mr. Arun Vaid	Director-Non Executive - Independent	5	5	Yes	—	—
Mr. Jigar A. Shah	Director-Non Executive - Independent	5	2	No	—	—
Mr. Anil Kumar Jain**	Director-Non Executive - Independent	2	1	NA	4	8

\*Resigned w.e.f. 01st July, 2010.

\*\* Appointed in the meeting dated 09th December. 2010.

During the year under review, 5 Board Meetings were held on 17th May 2010, 12th August 2010, 10th November 2010, 9th December 2010 and 5th February 2011.

Relationship among the Directors:-

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

## CORPORATE GOVERNANCE REPORT

## 3. CODE OF CONDUCT:

The Company has in place a Code of Conduct for all the Directors and all Employees of the Company. All the Directors and senior management personnel have confirmed Compliance of the same during the year. A declaration to the effect signed by the Managing Director forms part of this Report.

## 4. AUDIT COMMITTEE:

During the year under review, Four meetings of the Audit Committee were held on 17th May 2010, 12th August 2010, 10th November 2010 and 5th February 2011. The composition of the committee and attendance at its meetings is given below :

Name of Directors	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Madhusudan S. Jhunjhunwala - Member	Executive	4	4
Mr. Arun Vaid - Chairman	Non-Executive	4	4
Mr. Sanjay Karandikar* - Member	Non-Executive	1	1
Mr. Jigar A. Shah- Member	Non-Executive	4	1

\*Resigned w.e.f. 01st July, 2010.

Terms of reference of the Audit Committee, the Committee's powers, role and functions are as stipulated at the Clause 49 of the Listing Agreement and under Section 292A of the Companies Act, 1956. 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, statements and results before submission to the Board, reviewing the adequacy of the internal control systems and procedures, significant risk areas with the management, internal auditors and external auditors, 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, review of financial statements.

## 5. REMUNERATION COMMITTEE &amp; REMUNERATION TO DIRECTORS

Remuneration Committee of Board of Directors is consists of Mr. Arun Vaid, Mr. Sanjay Karandikar (Resigned w.e.f. 01st July, 2010), Mr. Jigar A. Shah and Mr. Anil Kumar Jain (Appointed w.e.f. 9th December, 2010), Independent Directors as members of the Committee. During the year Meeting of Remuneration Committee was held on 2nd August, 2010. The Meeting was attended by Mr. Arun Vaid and Mr. Jigar A. Shah.

The details of sitting fees paid to the Directors during the year 2010-2011 are given below:-

Name of Directors	Sitting Fees (Rs.)
Mr. Arun Vaid	13,000/-
Mr. Sanjay Karandikar	2,000/-
Mr. Jigar A. Shah	4,000/-
Mr. Anil Kumar Jain	5,000/-

Company has paid a remuneration of Rs. 39,00,000.00 to Mr. Krishnakumar M. Jhunjhuwala, Managing Director and

Rs. 27,00,000.00 to Mr. Madhusudan S. Jhunjhunwala, Chairman & Whole Time Director of the Company during the financial year 2010-2011.

Service Contacts severance fees and Notice period with Managing Director and Chairman & Whole Time Director:

Managing Director:

Period of Contract : 5 Years from 01st October 2009  
Termination of Contract : By either party giving 3 Months notice  
Severance Fees : Nil

Chairman & Whole Time Director:

Period of Contract : 5 Years from 01st August 2010  
Termination of Contract : By either party giving 3 Months notice  
Severance Fees : Nil

## 6. INVESTOR'S GRIEVANCE COMMITTEE

The Investors' Grievance Committee of the Board has been constituted to look into complaints of Shareholders. The Committee is headed by Mr. Arun Vaid, Independent and Non-Executive Director and other members are Mr. Madhusudan S. Jhunjhunwala, Mr. Sanjay Karandikar (\*Resigned w.e.f. 01st July, 2010) and Mr. Anil Kumar Jain (Appointed w.e.f. 9th December, 2010).

During the year no Meeting of Investors' Grievance Committee was held on 10th November, 2010 and 5th February 2011.

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

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

## CORPORATE GOVERNANCE REPORT

During the year, 2 complaints were received from the shareholders, however we have received letters for re-validation of Dividend Warrants, Non-Receipt of Dividend Warrants/Share Certificates etc. and the same have been attended within the stipulated time.

### 7. GENERAL BODY MEETINGS - Location and time of last three Annual General Meetings:

AGM for the Financial Year	Date	Time	Venue
2007-08	30th September 2008	11:30 a.m.	Registered Office of the Company: Survey No. 59/1/4, Amlti Piparia Industrial Estate, Silvassa - 396 230 U.T. OF D. & N. HAVELI.
2008-09	29th September 2009	11:30 a.m.	
2009-10	25th September 2010	11:30 a.m.	

None of the Resolutions in above Annual General Meetings was required to be passed by postal ballot.

### 8. DISCLOSURES

- \* Disclosure on materially significant related party transactions. Please refer note 13 of the Schedule 20 to the Accounts. These transactions do not have any potential conflict with the interest of the Company at large.
- \* CEO/CFO Certification  
A certificate from the CEO and CFO, in terms of Clause 49(V) of the Listing Agreement was placed before the Board, at the Meeting held on 10th May, 2011 to approve the Audited Annual Accounts for the year ended March 31, 2011.
- \* 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 and None of the Independent Directors of the Company has a tenure of exceeding nine years on the Board of the Company.
  - 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 2010-2011 there is no Audit qualification in the Company's financial Statements except regarding non provision at interest receivable from wholly owned subsidiary company.
- D. The Company has a remuneration Committee which conforms all the requirement of Corporates Governance.
- E. The Company does not have any formal system to evaluate the performance of non-executive Directors.
- F. The Company has not established a whistle Blower Policy.

### 9. MEANS OF COMMUNICATION

The Quarterly and Half Yearly results are published in widely circulating National and Local Dailies such as Economic Times, in English and Navbharat Times in Hindi. The results are not sent individually to the shareholders.

There were no presentation made to the Institutional investors or Analysts during the year.

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

### 10. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	
Date and Time	Refer notice of Annual General Meeting.
Venue	Refer notice of Annual General Meeting.
Date of Book Closure	Refer notice of Annual General Meeting.
Financial Calendar	1st April 2011 to 31st March 2012 The results will be published as under : First Quarter Before 14th of August, 2011 Second Quarter Before 15th of November, 2011 Third Quarter Before 15th February, 2012 Fourth Quarter/Annual Before 30th May, 2012
Dividend payment date	Refer notice of Annual General Meeting.
Listing on Stock Exchanges and Stock Code	<ul style="list-style-type: none"> <li>* Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001. - Stock Code No. 526885 and</li> <li>* National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra East, MUMBAI - 400 051 - SARLAPOLY</li> </ul>

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

CORPORATE GOVERNANCE REPORT

11. MARKET PRICE DATA:

Monthly high/low during the year 2010-2011 on the Bombay Stock Exchange and National Stock Exchange.

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2010	95.95	83.60	95.95	83.10
May 2010	102.00	81.30	101.80	80.10
June 2010	98.85	82.30	94.00	84.65
July 2010	107.00	92.25	106.80	92.00
August 2010	144.90	101.90	145.00	101.70
September 2010	154.90	132.00	157.00	130.50
October 2010	165.00	136.60	164.95	135.15
November 2010	162.00	140.50	162.80	136.00
December 2010	153.40	122.75	163.50	126.00
January 2011	145.00	100.25	164.70	110.50
February 2011	127.50	102.90	128.75	104.10
March 2011	127.90	109.70	132.70	103.00

Chart of Company Share Prices compared to BSE Sensex.

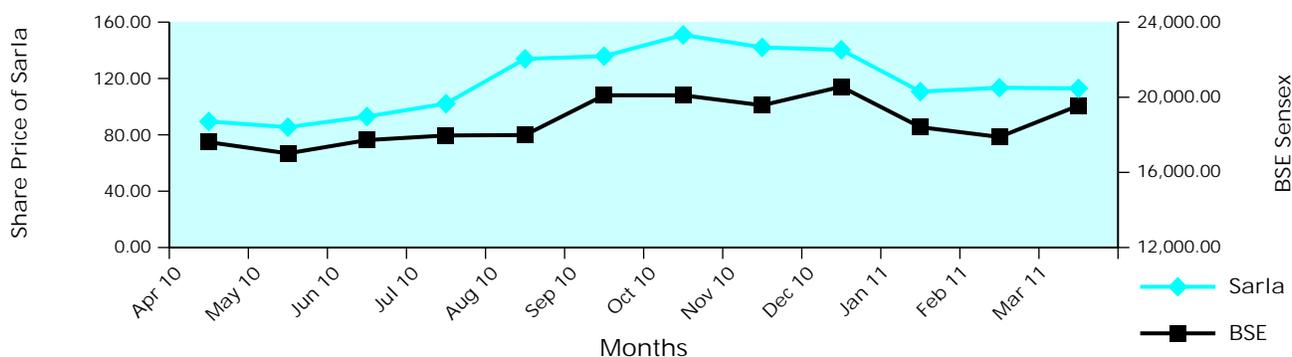
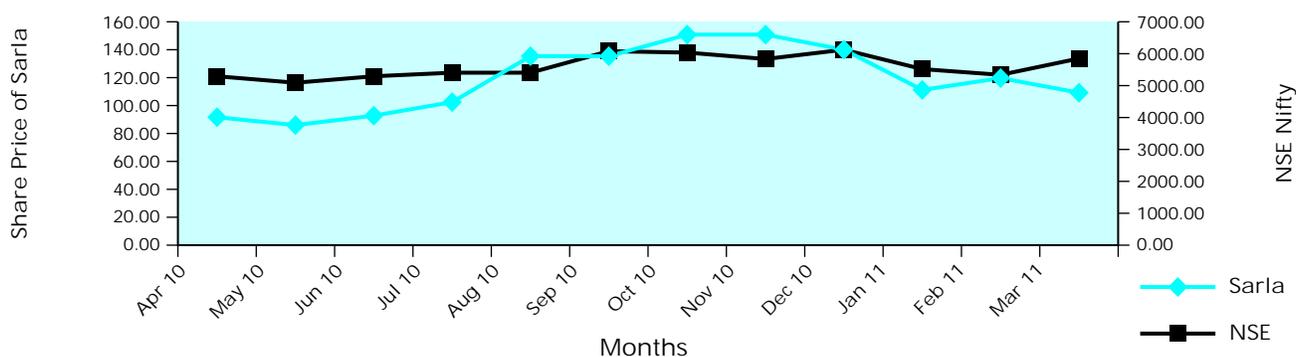


Chart of Company Share Prices compared to NSE Nifty Index.



## CORPORATE GOVERNANCE REPORT

### 12. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2011

Shares of Nominal Value (Rs.)		Shareholders		Total Amount (Rs.)	
From	To	Number	% to Total	Number	% to Total
1	5000	2353	86.70	39,34,690.00	5.66
5001	10000	132	4.86	10,66,320.00	1.53
10001	20000	83	3.06	12,62,130.00	1.82
20001	30000	31	1.14	7,90,120.00	1.14
30001	40000	15	0.55	5,38,750.00	0.78
40001	50000	14	0.52	6,71,030.00	0.97
50001	100000	37	1.36	27,69,420.00	3.98
100001 and above		49	1.81	58,470,540.00	84.13
Total		2714	100.00	69,503,000.00	100.00

### 13. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2011

Categories	No. of Shares	%
Promoters	4356087.00	62.675
Mutual Funds & UTI	2000.00	0.029
Fins / Banks	50.00	0.001
Venture Capital Funds	4000.00	0.058
FII(S)	29083.00	0.418
Private Corporate Bodies	531150.00	7.642
Indian Public	1859685.00	26.757
Non Residence Indians	168075.00	2.418
Any other (Clearing Members)	170.00	0.002
Total	6,950,300.00	100.000

### 14. DEMATERIALISATION OF SHARES

96.08% of the total equity capital of the Company was held in dematerialised form. as on 31st March, 2011.

### 15. 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 of Share transfer in physical form should also be lodged with the Registrar & Transfer Agent.

### 16. ADDRESS FOR INVESTORS/ANALYST CORRESPONDENCE

- With the Company :  
Sarla Performance Fibers Limited,  
304, Arcadia, 195 Nariman Point, MUMBAI – 400 021  
Tel: 2283 4116/2283 4420 Fax: 2285 1728  
E-mail: info@sarlafibers.com  
Website: www.sarlafibers.com
- With the Registrar :  
M/s. Sharex Dynamic (India) Pvt. Ltd.,  
17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort,  
Mumbai - 400 001  
Tel: 2270 24 85 / 2264 1376

### DECLARATION

I, Madhusudan S. Jhunjhunwala, Chairman & Whole-Time Director of the Company, hereby declare that all the Members of the Board of Directors and Senior Management personnel of the Company have affirmed Compliance with the Code of Conduct for the year ended 31st March, 2011.

Place: Mumbai.  
Date : 10th May, 2011

For SARLA PERFORMANCE FIBERS LIMITED

(MADHUSUDAN S. JHUNJHUNWALA)  
Chairman & Whole Time Director

## CORPORATE GOVERNANCE REPORT

### CERTIFICATE OF THE AUDITORS IN RESPECT OF COMPLIANCE OF CORPORATE GOVERNANCE

To the Members of  
Sarla Performance Fibers Limited  
(Formerly Sarla Polyester Limited)

We have examined the compliance of conditions of corporate governance by Sarla Performance Fibers Limited (Formerly Sarla Polyester Limited), for the year ended 31st March, 2011 as stipulated in clause 49 of 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 Listing Agreement.

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

For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants  
Firm Registration Number - 110560W

Place: Mumbai.  
Date : 10th May, 2011

M. B. DESAI  
Partner  
Membership No. 33978

## AUDITORS' REPORT

To,  
The Members of  
SARLA PERFORMANCE FIBERS LTD.  
(Formerly known as Sarla Polyester Limited)

We have audited the attached Balance sheet of Sarla Performance Fibers Ltd. (Formerly known as Sarla Polyester Limited) as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

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

- B. In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- C. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- D. In our opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- E. On the basis of written representations received from the directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- F. In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with Significant Accounting Policies and subject to note no. 4 regarding non provision of interest receivable from wholly owned subsidiary company and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- In the case of Balance sheet of the state of affairs of the company as at 31st March, 2011;
  - In the case of Profit and Loss account of the profit of the company for the year ended on that date; and
  - In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants  
Firm Registration Number - 110560W

M. B. DESAI  
Partner  
Membership No. 33978

Place: Mumbai.  
Date : 10th May, 2011

## ANNEXURE TO AUDITORS' REPORT

As required by the "Companies (Auditors - Report) order, 2003" issued by the Department of Company affairs in terms of section 227 (4A) of the Companies Act, 1956, we report as under: -

1. a) The company has maintained proper records showing full particulars including quantitative details and situations of fixed assets. The management during the year has physically verified the fixed assets. We are informed that the management on such verification has noticed no material discrepancies.
- b) As explained to us, the management during the year has physically verified all the assets. Having regard to the size of the operations and on the basis of explanations received, in our opinion, no serious discrepancies have been noticed.
- c) The company has not disposed of any substantial part of its fixed assets so as to affect its going concern.
2. a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to size of the company and the nature of its business.
- c) The company is maintaining proper records of the inventory. As explained to us, there is no material discrepancy noticed on physical verification of inventory as compared to book records.
3. a) The company had granted interest free unsecured loan to one company covered in the register maintained u/s 301 of the Companies Act, 1956. The amount involved during the year was Rs. 149.85 Lacs and closing balance Nil. The terms of repayment and interest are not stipulated hence we do not offer any comments on para 4(iii)(b) & (c) of the Companies (Auditor's Report) Order, 2003.
- b) The company has not taken any loan, secured or unsecured, from companies, firms and other parties covered in the register maintained u/s 301 of Companies Act, 1956 and hence para 4(iii)(e) & (f) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchase of inventory, fixed assets and with regards to the sale of goods. During the course of our audit we have not observed any continuing failure to connect major weakness, in Internal Control System.
5. a) According to the information and explanation given to us, we are in opinion that the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained U/s 301 of the companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanation given to us, the transactions in pursuance of contracts or arrangements entered in the register maintained U/s 301 of the companies Act, 1956 and are exceeding the value of rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from public.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of the business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
9. a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, Excise duty, service tax, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, service tax, excise duty and cess were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.
- c) According to the information and explanation given to us, there are no dues of income tax, wealth tax, sales tax, custom duty, service tax, excise duty and cess which have not been deposited on account of any dispute except as stated below:

## ANNEXURE TO AUDITORS' REPORT

Nature of the Dues	Amount in Rupees	Period to Which Amount Relates	Forum Where the Dispute is pending
Excise Duty	17,81,81,008	F.Y. 1999-2000 to 2009-2010	High Courts of Vapi, Ahmadabad and Bombay and Supreme Court of India.
Custom Duty	4,75,000	F.Y. 1999-2000, 2000-2001	CESTAT
Income Tax	13,16,645	A.Y. 2003-2004	Income Tax Appellate Tribunal
Income Tax	9,93,080	A.Y. 2007-2008	Comm. Of Income Tax Appeals
Income Tax	30,55,951	A.Y. 2008-2009	Comm. Of Income Tax Appeals

10. The company has no accumulated losses and the company has not incurred any cash losses during the financial year covered under audit or in the immediately preceding financial year.
11. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion, the company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
19. According to the information and explanations given to us, during the year covered by our audit report, the company has not issued any debentures.
20. According to the information and explanations given to us the company has not raised any money by public issue during the period covered by our audit report.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants  
Firm Registration Number - 110560W

Place: Mumbai.  
Date : 10th May, 2011

M. B. DESAI  
Partner  
Membership No. 33978

## BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs. in Lacs)

	Schedule	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SOURCES OF FUNDS:-</b>			
<b>SHARE HOLDERS FUNDS</b>			
Share Capital	1	695.03	695.03
Reserves & Surplus	2	7,764.34	6,888.38
<b>DEFERRED TAX LIABILITY (NET)</b>			
	3	922.39	653.27
<b>LOAD FUNDS</b>			
	4	4,614.71	3,502.71
<b>TOTAL</b>		<u>13,996.46</u>	<u>11,739.39</u>
<b>APPLICATION OF FUNDS:-</b>			
<b>FIXED ASSETS:-</b>			
Gross Block	5	10,458.54	8,571.84
Less: Depreciation		3,252.98	2,675.02
<b>NET BLOCK</b>		<u>7,205.56</u>	<u>5,896.82</u>
<b>INVESTMENTS</b>	6	183.22	271.68
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:-</b>			
Inventories	7	3,284.79	2,358.16
Sundry Debtors	8	4,050.53	3,456.96
Cash And Bank Balance	9	919.29	759.51
Loans And Advances	10	1,386.90	1,620.20
		<u>9,641.52</u>	<u>8,194.83</u>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	11	2,647.60	2,327.10
Provisions	12	386.24	296.84
		<u>3,033.84</u>	<u>2,623.94</u>
<b>NET CURRENT ASSETS</b>		<u>6,607.68</u>	<u>5,570.88</u>
<b>TOTAL</b>		<u>13,996.46</u>	<u>11,739.39</u>
Schedule referred above forms an integral part of the Balance Sheet			
<b>NOTES TO ACCOUNTS</b>	20		

As per our annexed report  
For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants

M. B. DESAI  
Partner  
Membership No. 33978  
Place : Mumbai  
Date : 10th May, 2011

For and on behalf of Board of Directors

MADHUSUDAN S. JHUNJHUNWALA  
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director

MANISH AGARWAL  
Company Secretary

# PROFIT AND LOSS ACCOUNT FOR THE YEAR END 31ST MARCH, 2011

(Rs. in Lacs)

	Schedule	Current Year 31-03-2011	Previous Year 31-03-2010
<b>INCOME:-</b>			
Sales & Incentives	<b>13</b>	16,591.71	13,577.16
Less: Excise Duty		723.01	415.14
Net Sales		15,868.70	13,162.30
Others Income	<b>14</b>	124.84	83.18
(Decrease)/Increase In Stock	<b>15</b>	493.81	(103.04)
		<u>16,487.35</u>	<u>13,142.14</u>
<b>EXPENDITURE:-</b>			
Raw Material Consumption		8,846.55	5,843.62
Purchase Of Trading Goods		345.01	1,008.90
Manufacturing & Operating Expenses	<b>16</b>	3,181.94	2,586.20
Employees Remuneration & Benefits	<b>17</b>	291.24	248.46
Administrative Selling & Other Expenses	<b>18</b>	1,321.45	1,109.35
Finance Charges	<b>19</b>	184.66	234.43
Depreciation & Amortisation		586.46	512.52
		<u>14,757.30</u>	<u>11,543.47</u>
<b>PROFIT BEFORE TAXATION</b>		1,730.04	1,598.67
Provision For Taxation			
- Current Tax		220.00	400.00
- Deferred Tax		269.12	70.20
- Fringe Benefit Tax		—	—
- Wealth Tax		0.26	0.04
<b>PROFIT AFTER TAXATION</b>		1,240.67	1,128.43
Prior Period Adjustment		—	—
<b>BALANCE BROUGHT FORWARD</b>		3,831.60	3,292.46
Short Provision Of Tax Of Earlier Years		—	(5.62)
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<u>5,072.27</u>	<u>4,415.27</u>
<b>APPROPRIATIONS</b>			
Dividend		312.76	243.26
Tax On Dividend		51.95	40.40
Transfer To General Reserve		300.00	300.00
<b>BALANCE TRANSFERRED TO THE BALANCE SHEET</b>		4407.56	3,831.60
<b>TOTAL</b>		<u>5,072.27</u>	<u>4,415.26</u>
<b>EARNING PER SHARE BASIC</b>	<b>Rs.</b>	17.85	16.24
<b>EARNING PER SHARE DILUTED</b>	<b>Rs.</b>	17.85	16.24
<b>NO. OF SHARES USED IN COMPUTING EARNING PER SHARE</b>	<b>No.</b>	69,50,300.00	69,50,300.00
Schedule referred above forms an integral part of the Balance Sheet			
<b>NOTES TO ACCOUNTS</b>	<b>20</b>		

As per our annexed report  
For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants

M. B. DESAI  
Partner  
Membership No. 33978  
Place : Mumbai  
Date : 10th May, 2011

For and on behalf of Board of Directors

MADHUSUDAN S. JHUNJHUNWALA  
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director

MANISH AGARWAL  
Company Secretary

## SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
100,00,000 Equity Shares Of Rs. 10/- Each	1,000.00	1,000.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
69,50,300 (P. Y. 69,50,300) Equity Shares Of Rs. 10/- Each	695.03	695.03
<b>TOTAL</b>	<b>695.03</b>	<b>695.03</b>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>	182.40	182.40
<b>GENERAL RESERVE</b>		
Balance As Per Last Balance Sheet	2,874.38	2,574.38
Add : Transfer From Profit & Loss Account	300.00	300.00
	3,356.78	3,056.78
Profit And Loss Account	4,407.55	3,831.60
<b>TOTAL</b>	<b>7,764.33</b>	<b>6,888.38</b>
<b>SCHEDULE 3 : DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax Liability Arising On Account Of Depreciation	922.39	653.27
<b>TOTAL</b>	<b>922.39</b>	<b>653.27</b>
<b>SCHEDULE 4: LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
<b>A) WORKING CAPITAL</b>		
<b>FROM ANDHRA BANK</b>		
Packing Credit	166.23	383.51
Post Shipment Credit	96.10	116.68
Buyers Credit	259.97	163.61
<b>FROM CITI BANK N.A.</b>		
Packing Credit	1,069.32	797.96
Foreign Documentary Bill Purchase	434.32	656.11
Buyers Credit	—	—
<b>FROM CORPORATION BANK</b>		
Foreign Documentary Bill Purchase	17.00	—
Buyers Credit - Against Machineries	186.69	293.97

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>FROM STANDARD CHARTERED BANK</b>		
Packing Credit	228.79	204.88
Export Bill/ Post Shipment Credit	485.13	300.65
<b>FROM DBS BANK LIMITED</b>		
Packing Credit	—	—
Buyers Credit	237.90	—
(Packing Credit Is Secured Against Stock In Trade, Post Shipment And Foreign Documentary Bill Purchase are Secured against Foreign Documentary Demand Bills, Buyer's Credit are Secured against LC. All the above facilities are further secured by first charge on the fixed assets of the company except the assets which are financed through term loan, on which the Consortium Working Capital facilities lender will have second charges, except Wind Turbine Generator and vehicles)		
<b>FROM YES BANK LIMITED</b>		
Packing Credit	163.21	—
Buyers Credit (Post Dated Cheque and Personal Guarantee of Managing Director)	129.11	—
<b>B) TERM LOAN</b>		
<b>ANDHRA BANK</b>		
(Exclusive Charge On The Machinery Financed And Personal Guarantee Of Managing Director) (Repayable Within 1 Year Rs. 69,99,996: P.Y. 69,99,996)	74.17	145.33
<b>YES BANK LIMITED</b>		
(Exclusive Charge On The Wind Turbine Generator And Personal Guarantee Of Managing Director) (Repayable Within 1 Year Rs. 1,46,66,666.66: P.Y. 2,93,33,333)	146.67	440.00
<b>STANDARD CHARTERED BANK-ECB LOAN</b>	891.90	—
(Exclusive Charge On The Wind Turbine Generator Financed And Personal Guarantee Of Managing Director) (Repayable Within 1 Year Rs. NIL: P.Y. Nil)		
<b>HDFC BANK LIMITED</b>	28.19	
(Exclusive Charge On Vehicle Financed) (Repayable Within 1 Year Rs. 9,79,852: P.Y. Nil)		
<b>TOTAL (A+B)</b>	<b>4,614.71</b>	<b>3,502.71</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE " 5" : FIXED ASSETS**

(Rs. in Lacs)

Particulars	Rate %	Gross Block			Depreciation			Net Block			
		As on 01-04-2010	Addition during the year	Deduction during the year	As on 31-03-2011	Upto 01-04-2010	During the Period	Deduction	Upto 31-03-2011	As on 31-03-2011	As on 31-03-2010
Land		76.73	—	—	76.73	—	—	—	—	76.73	76.73
Building	3.34	1,161.66	335.95	—	1,497.61	43.49	—	—	226.10	1,271.51	979.05
Plants & Machinery	7.42	6,139.93	325.46	59.53	6,405.87	466.81	6.20	6.20	2,719.97	3,685.89	3,880.58
Electric Installation	7.42	332.21	10.42	—	342.64	25.22	—	—	149.78	192.86	207.66
Office Equipments	4.75	23.92	1.37	—	25.29	1.19	—	—	9.14	16.16	15.98
Computer	16.21	49.31	5.07	—	54.38	1.49	—	—	49.40	4.98	1.40
Other Fixed Assets	7.42	56.09	0.95	—	57.04	4.21	—	—	20.41	36.63	39.89
Motor Car	9.50	65.49	47.15	6.45	106.19	7.27	2.30	2.30	27.97	78.21	42.48
Furniture & Fixture	6.33	25.50	1.31	—	26.81	1.63	—	—	10.21	16.60	16.93
Wind Power	5.28	633.46	1,225.00	—	1,858.46	33.62	—	—	33.88	1,824.58	633.20
<b>Total (A)</b>		8,564.32	1,952.68	65.98	10,451.02	584.95	8.50	8.50	3,246.86	7,204.15	5,893.91
Previous Year		7,248.90	1,352.72	37.29	8,564.32	511.01	13.41	13.41	2,670.41	5,893.91	5,076.09
<b>Intangible assets</b>											
Software	20.00	7.52	—	—	7.52	1.50	—	—	6.11	1.41	2.91
Total (B)		7.52	—	—	7.52	1.50	—	—	6.11	1.41	2.91
Previous Year		7.52	—	—	7.52	1.50	—	—	4.61	2.91	4.41
<b>GRAND TOTAL (A+B)(Rs.)</b>		8,571.84	1,952.68	65.98	10,458.54	586.46	8.50	8.50	3,252.98	7,205.56	5,896.82
Previous Year		7,256.42	1,352.72	37.29	8,571.84	512.52	13.41	13.41	2,675.02	5,896.82	5,080.50

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE 6: INVESTMENTS</b>		
<b>INVESTMENT IN SUBSIDIARY UNQUOTED</b>		
Sarla Overseas Holdings Limited (4,35,000 Shares Of USD 1.00 Each)	183.22	183.22
<b>INVESTMENT IN IMMOVABLE PROPERTY</b>		
Residential Flat In Pune	—	17.62
<b>INVESTMENT IN MUTUAL FUNDS</b>		
HDFC Cash Management Fund - Treasury Advantage Plan	—	70.84
Total Units Nil. (P.Y. 702330.340) NAV As On 31-03-2011 is Nil. (P.Y. Rs.10.0540)		
<b>TOTAL</b>	183.22	271.68
<b>SCHEDULE 7: INVENTORIES:</b>		
(As Taken Valued And Certified By The Directors)		
Finished Goods	896.76	611.19
Raw Materials	1,652.08	1,236.41
Work In Process	585.27	377.03
Stores, Spares, Packing Material & Oil Etc.	150.68	133.53
<b>TOTAL</b>	3,284.79	2,358.16
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
<b>UNSECURED, CONSIDERED GOOD</b>		
Outstanding For A Period Over Six Months	500.89	316.70
Others	3,549.64	3,140.26
<b>TOTAL</b>	4,050.53	3,456.96
<b>SCHEDULE 9: CASH AND BANK BALANCES</b>		
<b>CASH ON HAND</b>		
	10.95	13.84
<b>BALANCE WITH THE SCHEDULED BANKS</b>		
In Fixed Deposit (margin Account )	823.76	587.84
In Foreign Currency Accounts	2.12	97.39
In Current Account	82.46	60.44
<b>TOTAL</b>	919.29	759.51
<b>SCHEDULE 10: LOANS AND ADVANCES</b>		
<b>Amounts Receivable In Cash Or Kind Or Value</b>		
To Be Received (Unsecured & Considered Good)	1,079.19	1,179.07
Loans And Advances - Considered Good	14.02	168.65
Deposits	109.25	109.10
Prepaid Expenses	19.12	9.52
Advance Payment Of Income Taxes And Fbt (Net Of Provision)	165.32	153.86
<b>TOTAL</b>	1,386.90	1,620.20

## SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE 11: CURRENT LIABILITIES</b>		
Sundry Creditors	1,889.11	1,559.31
Sundry Creditors - Capital Goods	359.39	316.36
Other Liabilities	136.88	163.79
(There Are No Amounts Due And Outstanding To Be Credited To Investor Education And Protection Fund)		
Advances From Customers	262.22	287.64
<b>TOTAL</b>	<b>2,647.60</b>	<b>2,327.10</b>
<b>SCHEDULE 12: PROVISIONS</b>		
Provision For Gratuity	14.38	7.11
Provision For Leave Encashment	1.74	1.15
Provision For Bonus	5.41	4.92
Provision For Final Dividend	312.76	243.26
Provision For Tax On Final Dividend	51.95	40.40
<b>TOTAL</b>	<b>386.24</b>	<b>296.84</b>
<b>SCHEDULE 13: SALES, SERVICES AND INCENTIVES</b>		
<b>SALES - MANUFACTURING</b>		
Direct Exports	8,759.64	7,086.40
Deemed Exports	5,833.97	
Less: Interunit Sales	5,145.66	
	688.32	1,590.07
LOCAL	6,640.99	
Less: Excise Duty	723.01	
	5,917.98	3,406.52
TRADING SALES	358.47	1,050.84
SALES TAX INCENTIVES	52.50	27.85
SALE OF WIND POWER	91.78	0.33
<b>TOTAL</b>	<b>15,868.70</b>	<b>13,162.00</b>
<b>SCHEDULE 14: OTHER INCOME</b>		
Exchange Rate Difference (Net)	76.30	32.04
Rent Received	21.60	28.80
Dividend	—	1.31
Capital Gain/(Loss) On Sale Of Investments	26.79	12.42
Miscellaneous Income	0.14	8.61
<b>TOTAL</b>	<b>124.84</b>	<b>83.18</b>

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE 15: INCREASE/(DECREASE) IN STOCK</b>		
<b>OPENING STOCK</b>		
Semi Finished Goods	377.03	347.29
Finished Goods	611.19	743.98
	988.22	1,091.27
<b>CLOSING STOCK</b>		
Semi Finished Goods	585.27	377.03
Finished Goods	896.76	611.19
	1,482.03	988.22
<b>INCREASE IN STOCK</b>	493.81	(103.04)
<b>SCHEDULE 16: MANUFACTURING AND OPERATING EXPENSES</b>		
Power & Fuel	935.52	919.72
Stores And Spares Consumed	281.29	195.57
Packing Materials Consumed	755.72	533.87
Oil & Chemicals Consumed	219.07	135.76
Labour Charges	615.41	462.92
Clearing & Forwarding Charges	212.43	205.42
Repairs & Maintenance - Plant & Machinery	73.49	66.25
Repairs & Maintenance - Building	26.60	27.32
(Decrease)/increase In Excise Duty On Stock Of Finished Goods	28.12	(12.30)
Water, Waste & Effluent Treatment Charges	34.29	51.67
<b>TOTAL</b>	3,181.94	2,586.20
<b>SCHEDULE 17: EMPLOYEES REMUNERATION AND BENEFITS</b>		
Salary, Wages, Bonus, Gratuity, Etc.	262.18	226.69
Staff Welfare Expenses	29.06	21.77
<b>TOTAL</b>	291.24	248.46

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE 18: ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
Legal & Professional Charges	29.57	31.46
Auditor's Remuneration	—	—
- Audit Fees	5.75	
- Taxation Matters	—	
- Other Capacity/certification Charges	0.50	5.70
Director's Remuneration	66.00	50.00
Postage, Telex, Fax & Telephone Charges	28.68	30.98
Insurance Charges	26.08	24.80
Office Expenses	19.01	12.58
Printing & Stationery	13.03	11.37
Traveling & Conveyance	55.19	67.25
Vehicle Expenses	40.91	60.94
Advertisement	3.43	3.14
Loss On Sale Of Fixed Assets	—	9.07
Security Charges	24.71	23.56
Miscellaneous Expenses	11.21	5.19
Transmission Charges (Wind Power)	14.27	0.05
Fees, Rates And Taxes	43.04	32.89
Donation	1.26	11.60
Commission On Sales	142.98	162.61
Bad Debts	33.47	59.03
Sundry Balances W/O	—	11.91
Freight & Forwarding Charges	710.78	441.86
Business Promotion Expenses	22.11	29.71
Repairs & Maintenance Others	29.48	23.70
TOTAL	1,321.45	1,109.35
<b>SCHEDULE 19: FINANCE CHARGES</b>		
<b>INTEREST PAID (NET)</b>		
On Term Loan	47.77	6.20
On Other Facilities	80.52	174.78
Bank Commission Charges	113.60	105.02
	241.89	286.00
Less : Interest Received (Gross, TDS Rs.5,57,747 P.Y. Rs. 12,39,913)	57.23	51.57
TOTAL	184.66	234.43

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>CASH FLOW FROM THE OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary items	1,730.04	1,598.67
<b>ADJUSTMENT FOR</b>		
Depreciation	586.46	512.52
Interest Paid	241.89	286.00
Interest Received	(57.23)	(51.57)
Capital Gain on Sale of Investment / Assets	(26.79)	(12.42)
Dividend Received	— 744.32	(1.31) 733.21
Operating Profit Before Working Capital Changes	2,474.37	2,331.88
<b>ADJUSTMENT FOR CHANGES IN WORKING CAPITAL</b>		
Trade and Other Receivable	(593.57)	160.38
Inventories	(926.63)	(53.88)
Loans & Advances	235.12	(371.12)
Trade and Other Payable	328.85 (956.23)	265.80 1.19
Cash Generated from Operations	1,518.14	2,333.07
Prior Period Expenses / Extra Ordinary Item	—	—
Income Tax Paid	(230.58)	(412.46)
Deferred Tax Liabilities	— (230.58)	— (412.46)
Net Cash Flow from Operating Activities (1)	1,287.56	1,920.61
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,886.70)	(1,315.42)
Purchase of Investment	—	(70.84)
Dividend Received	—	1.31
Gain on Sale of Investment	26.79	12.42
Sale of Investment	88.46	161.40
Interest Received	57.23 (1,714.22)	51.57 (1,159.56)
Net Cash Flow from Investing Activities (2)	(1,714.22)	(1,159.56)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Preferential Warrants Issued	—	—
Net Fund Raised/(Repayment)	1,112.00	(394.09)
Dividend Paid	(243.26)	(243.26)
Dividend Tax Paid	(40.40)	(41.34)
Interest Paid	(241.89) 586.45	(286.00) (964.69)
Net Cash Raised from Financing Activities (3)	586.45	(964.69)
Net Changes in Cash and Cash Equivalent (1 + 2 + 3)	159.79	(203.64)
Cash and Cash Equivalent - Opening Balance	759.51	963.15
Cash and Cash Equivalent - Closing Balance	919.30	759.51

**Notes :**

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

This is the Cash Flow statement referred to in our Report of even date  
For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants

For and on behalf of Board of Directors

MADHUSUDAN S. JHUNJHUNWALA  
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director

MANISH AGARWAL  
Company Secretary

M. B. DESAI  
Partner  
Membership No. 33978  
Place : Mumbai  
Date : 10th May, 2011

*sensible growth*

## SCHEDULE 20:

Notes forming part of the accounts for the year ended 31st March, 2011.

## 1. SIGNIFICANT ACCOUNTING POLICIES:

**ACCOUNTING CONVENTION:** The Accounts are prepared on accrual basis under the historical cost convention, except for certain fixed assets which are revalued, in accordance with applicable accounting standards and relevant provisions of the Companies Act, 1956.

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

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

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

**DEPRECIATION AND AMORTISATION:** Depreciation on fixed assets is provided as per the straight line method (SLM) at the rate and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on pro rata basis. Fixed Assets are capitalised at cost inclusive of expenses and interest wherever applicable.

Intangible Assets are amortised over their respective individual estimated useful life on a straight line basis commencing from the year the asset is available to the Company for its use, not exceeding five years.

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

## INVENTORIES:

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

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

**PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:** A provision is recognised when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Contingent Assets are neither recognised nor disclosed in the financial statements. Contingent liabilities are not recognised but are disclosed by way of note on the balance sheet. Provision is made in the accounts for those liabilities which are likely to materialise after the year end till the finalisation of accounts and having effects on the position stated in the balance sheet as at the year end.

## FOREIGN EXCHANGE TRANSACTION:

- A: Transactions entered into and those settled during the year in foreign currency are recorded at the actual exchange rates prevailing at the time of the transactions.
- B: Foreign currency transactions remaining unsettled at the year end and not covered by forward contract are translated at the exchange rates prevailing at the year end.
- C: In case of item which are covered by forward exchange contract, the difference between the year end rate and

rate on the date of the contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of the contracts. Forward exchange contracts outstanding as at the year end are calculated at the year end rate and mark to market profit / loss is dealt in the Profit & Loss Account.

#### REVENUE RECOGNITION:

- A: Sales are recognised, net of returns and trade discounts, on despatch of goods to customers and are reflected in the accounts at gross realisable value i.e. inclusive of excise duty. Inter-unit sales/purchases have been eliminated during the year. In case of export sales, revenue is recognised when the risk and reward on the goods is transferred to the customers i.e. on the basis of date of billing of lading.
- B: In appropriate circumstances, Revenue (Income) is recognised when no significant uncertainty as to Measurability or collectibility exists. Export benefits / incentives are accounted on accrual basic.
- C: Interest income is recognised on time proportionate method.
- D: Dividend is accrued in the year in which it is declared whereby a right to receive is established.

#### TAXATION:

- A: Provision for current taxation is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with Income Tax Act, 1961 for the relevant assessment year.
- B: Deferred Tax resulting from "timing differences" between book and tax profits is accounted for under the liability method, at the current rate of tax and tax laws that have been enacted or substantively enacted at the Balance Sheet, date to the extent that the timing differences are expected to crystallise, as deferred tax charge / benefit in the Profit and Loss Account and as deferred tax asset or liabilities in the Balance Sheet. The deferred tax assets is recognised and carry forward only to the extent that there is a virtual certainty that the assets will be realised in the future.

#### EMPLOYEE RETIREMENT BENEFITS:

- A: Defined Contribution Plans: The Company has defined contribution plan for Post-employment benefits in the form of Provident fund for all eligible employees; which is administered by the Regional Provident Fund

Commissioner. Provident Fund is classified as defined contribution plan as the Company has no further obligation beyond making contribution. The Company's contribution to Defined Contribution Plan is charged to the Profit and Loss Account as and when incurred.

- B: Defined Benefits Plans: Funded Plan: The company has a Defined Benefits Plan for Post employment benefits in the form of gratuity for all employees and the liability for the defined benefit plan of Gratuity is determined on the basis of actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account.
- C: Leave Liability (Long-term Employee Benefits): The Employee of the Company are entitled to leave encashment which is encashed annually as per the leave policy of the company. Liability for compensated absences (Unutilised leave benefit) is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary.
- D: Termination Benefit are recognised as an expenses as and when incurred.
- E: The actuarial gain and losses arising during the year are recognised in the profit and loss account of the year without restoring to any amortisation.

**BORROWING COST:** Borrowing cost that attributes to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to set ready for intended use. All other borrowing cost are charged to revenue.

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

#### 2. i: CONTINGENT LIABILITIES NOT PROVIDED FOR:

- A: Letter of credit: Letter of Credit issued by Banks on behalf of the Company Rs. 3345.71 Lacs (P.Y. Rs. 2016.74 Lacs) these are covered by the Charge created in favour of the Company's Bankers by way of Hypothecation of Stocks, Receivable & Machineries/Assets of the Company.
- B: Guarantees: Bank Guarantees issued by Banks on behalf of the Company Rs. 361.69 Lacs (P. Y. Rs. 345.79 Lacs). These are secured by the charge created in favour of the Company's bankers by way of pledge of Fixed Deposit Receipts.

C. The claim against Company not acknowledged as debt, comprises of excise duty & Customs duty disputed by company relating to issue of applicability and classification aggregating to Rs. 1,891.72 Lacs (P.Y. Rs. 1,845.23 Lacs).

D. Bill discounted not matured Rs. 1,022.50 Lacs (P.Y. Rs. 1,073.45 Lacs).

The contingent liabilities in respect of Bank Guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

E. CST liability in respect of invoice amount of Rs. 2,518.59 Lacs (P.Y. Rs. 1,559.08 Lacs) for which C-Form are yet to be collected from the customers.

F. Liability of Income Tax with respect to which appeal is pending before ITAT amounting to Rs. 13.17 Lacs for A.Y 2003-04 and appeals pending before CIT Appeal for Rs. 9.93 Lacs for A.Y. 2007-08, Rs. 30.56 Lacs for A.Y. 2008-09 and Rs. 6.28 Lacs for A.Y. 2009-10.

2. ii: Estimated amount of contracts remained to be executed on capital account net of advance at the end of the year Rs. 59.91 Lacs (P.Y. Rs. 47.17 Lacs)

5. i. QUANTITATIVE & OTHER INFORMATION REGARDING

Capacities		Current Year	Previous Year
a) Polyester, Polyamide (Nylon), Polypropylene, Acrylic and Viscose Filament Yarn, Texturised and/or Crimped and/or Twisted and/or Dyed, Medium/High Tenacity Nylon/Polyester Flat Yarns, Nylon/Polyester Monofilament Yarns.	LICENCED	11,999 M.T.	11,999 M.T.
b) Knitted Fabrics (Grey/Processed) made out of Synthetics Yarn/Man-made Fibre /Cotton Yarn and		480 M.T.	480 M.T.
c) Polyester/Nylon/Cotton Covered Spandex /Lykra Yarn.		927 M.T.	927 M.T.
	INSTALLED	11,900 M.T.	11,900 M.T.
d) Dyed Synthetics Yarn	LICENCED	3,200 M.T.	2,400 M.T.
	INSTALLED	3,200 M.T.	2,400 M.T.

5. ii. PRODUCT MANUFACTURED AND DEALT IN BY THE COMPANY:

Polyester, Polyamide (Nylon), Texturised, Twisted, Dyed, Medium/High Tenacity Nylon/Flat Yarns, Nylon/Monofilament Yarns, Polyester/Nylon, Spandex/Lykra Yarn & Dyed Synthetics Yarn.	Current Year	Previous Year
Actual Production * #	7,752.282 M.T.	6,033.259 M.T.
* Net of inter unit transfer 4,088.355 M.T.( P.Y. 3,354.312 M.T.)		

3. DEPRECIATION:

A: The depreciation for the year has been provided on "straight line method" as per Section 205 (2) of the Companies Act, 1956 at the rates prescribed in Schedule XIV thereto.

B: Depreciation on additions/disposals of the fixed assets during the year is provided on pro rata basic according to the period during which assets are put to use.

C: Intangible assets in represents the cost of computer software acquired for internal use, to be amortised equally over five years based upon their estimated useful lives.

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

B: No provision is made for the interest of Rs. 7.24 Lacs for Unsecured Loan given to Sarla Overseas Holdings Limited, a wholly owned subsidiary of the Company. Hence profit of the current year is understated to this extent.

5. iii. STOCK & TURNOVER (MANUFACTURED)

	Current Year		Previous Year	
	Quantity (in M.T.)	Amount (in Lacs)	Quantity (in M.T.)	Amount (in Lacs)
Opening Stock	342.191	611.19	448.283	743.98
<b>Sales</b>				
a) Export	4,360.023	8,759.64	3,389.069	7,086.39
b) Deemed Export	295.492	688.31	501.307	1,590.07
c) Local # *	3,008.489	5,917.99	2,260.903	3,406.52
	7,664.004	15,365.94	6,151.279	12,082.98
Closing Stocks	439.670	896.76	342.191	611.19
# Includes waste Sales of 247.479 M.T. (P.Y. 168.402 M.T.)				
* Includes Raw-Material Sale of 9,200 M.T. (P.Y. 11.928 M.T.)				

5. iv. TRADING GOODS

	Current Year				Previous Year			
	Item	Unit	Quantity	Amount (in Lacs)	Item	Unit	Quantity	Amount (in Lacs)
i) Purchase	Plastic Scrap	M.T.	1,177.980	345.01	PP Granules	M.T.	2,066.910	1,008.90
				345.01				1,008.90
ii) Sales	Plastic Scrap	M.T.	1,177.980	358.47	PP Granules	M.T.	2,066.910	1,050.84
				358.47				1,050.84

6. RAW MATERIAL CONSUMED

	Current Year		Previous Year	
	Quantity (in M.T.)	Amount (in Lacs)	Quantity (in M.T.)	Amount (in Lacs)
Polyester Partially Oriented Yarn (POY) Nylon/Polyester Filament/ Textured/Twisted/Nylon/Chips/ Spandex/Rubber/Lycra.	7,733.866	8,539.100	5,963.321	5,519.92
Dyes & Chemical Consumed		307.45		323.70
	7,733.866	8,846.55	5,963.321	5,843.62
	<u>Amount</u>	% of Consumption	<u>Amount</u>	% of Consumption
Imported	6,163.17	69.67%	5,217.60	89.29%
Indigenous	2,683.38	30.33%	626.02	10.71%
	8,846.55	100.00%	5,843.62	100.00%

7. STORES & SPARES CONSUMED

	<u>Amount</u>	% of Consumption	<u>Amount</u>	% of Consumption
of the Imported	43.88	15.60%	34.33	17.55%
Indigenous	237.41	84.40%	161.24	82.45%
	281.29	100.00%	195.57	100.00%

8. C.I.F. VALUE OF IMPORTS	Current Year Amount (in Lacs)	Previous Year Amount (in Lacs)
Capital Goods	48.11	189.38
Raw Materials	6,537.01	5,167.92
Trading Goods	345.01	—
Stores, Packing Material & Consumables	194.11	39.54

9. EXPENDITURE IN FOREIGN CURRENCY		
Travelling	42.50	52.20
Commission on Exports	59.88	79.79

10. FOREIGN EXCHANGE EARNINGS (F.O.B.)		
Export (FOB Value)	8,106.11	6,802.49

11. Managing Director's remuneration is Rs. 30.00 Lacs (P.Y Rs. 30.00 lacs) & the whole time Director's remuneration is Rs. 27.00 Lacs ( P.Y. Rs. 20.00 lacs) is in accordance with Section 198 Schedule XIII of the Companies Act, 1956.

- 1) Associates
  - a) M/s. Satidham Industries Pvt. Ltd.
  - b) M/s. Sarla Estate Developers Pvt. Ltd.
  - c) M/s. Hindustan Cotton Co.
  - d) M/s. Shivchandrai Jhunjunwala & Co.
  - e) M/s. Harmony Estates Pvt. Ltd.

12. TAXATION:

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

- 2) Key Management Personnel
  - a) Madhusudan Jhunjunwala - Chairman
  - b) Krishna Jhunjunwala - Managing Director

B: In accordance with AS-22 issued by the Institute of chartered Accountants of India on 'Accounting of Taxes on Income' net deferred tax expenses on account of timing difference for current year is Rs. 269.12 Lacs (P.Y. Rs. 70.20 Lacs) which is charged to profit and loss account.

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

13. RELATED PARTY TRANSACTIONS:

The Company has transactions with following related parties:

- 4) Subsidiary Companies
  - a) M/s. Sarla Overseas Holding Ltd. (SOHL)
  - b) M/s. Sarla Europe, Lda held through SOHL

Details of transactions with above related parties

(Rs. in Lacs)

	Associates Enterprises		Key Management Personnel		Joint Ventures		Subsidiary Co.	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Rent paid	5.00	5.00	—	—	—	—	—	—
Unsecured Loan given	—	—	—	—	—	—	—	149.85
Unsecured Loan Received Back	—	—	—	—	—	—	149.85	—
Investment in Share	—	—	—	—	—	—	—	—
Investment in Subsidiary	—	—	—	—	—	—	183.22	183.22
Unsecured Loan Taken	—	—	—	—	—	—	—	—
Unsecured Loan Repaid	—	—	—	—	—	—	—	—
Managerial Remuneration	—	—	66.00	50.00	—	—	—	—
Advance Received	—	—	—	—	—	—	—	—
Security Deposit	—	—	—	—	—	—	—	—
Sale of Goods	—	32.48	—	—	201.98	—	866.83	398.03
Debtors	—	—	—	—	43.80	—	278.73	312.80

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

5) Loans & Advances in the nature of Loans given to Subsidiaries and Associates etc.: (Rs. in Lacs)

	As at 31st March, 2011	As at 31st March, 2010	Max Balance during th year
a) Loans & Advances in the nature of Loans			
Sarla Overseas Holdings Limited, BVI	—	149.85	149.85

14. SEGMENT REPORTING:

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

(i) Manufacturing of Yarn and (ii) Generation of Wind Power.

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

c) Information about primary and secondary segment are follows

(Rs. in Lacs)

Particulars	2010-11			2009-10		
	In India	Outside India	Total	In India	Outside India	Total
Segment Revenue (Gross)						
Yarn:						
Manufacturing:	6,606.30	8,812.14	15,418.44	4,996.26	7,086.39	12,082.65
Trading:*	358.47		358.47	1,050.84		1,050.84
Generation of Wind Power	91.78		91.78	0.33		0.33
	7,056.56	8,812.14	15,868.70	6,047.43	7,086.39	13,133.82
Segment Assets						
Yarn	12,605.62	—	12,605.82	13,639.80	—	13,639.80
Generation of Wind Power	1,390.84	—	1,390.84	723.53	—	723.53
Segment Liabilities						
Yarn	4,161.85	—	4,161.85	6,252.29	—	6,252.29
Generation of Wind Power	1,375.25	—	1,375.25	527.63	—	527.63
Capital Expenditure						
Yarn	727.69	—	727.69	719.26	—	719.26
Generation of Wind Power	1,225.00	—	1,225.00	633.46	—	633.46

\* Trading Sales is High Seas Sales

15. DISCLOSURE IN ACCORDANCE WITH REVISED AS - 15 ON "EMPLOYEE BENEFITS"

A) Defined Contribution Plans:

The Company has recognised the following amounts in the profit and loss account for the year

	For the year ended March 31, 2011
Contribution to Employees' Provident Fund (Employers)	1,332,166

B) Defined Benefit Plans:		Current Year		Previous Year	
		Gratuity	Leave Encasement	Gratuity	Leave Encasement
i)	Changes in the present value of Obligations				
	Present value of Defined Benefit Obligation on 01-04-2010	4,415,398	115,308	2,913,466	390,806
	Interest Cost	364,270	9,513	233,077	31,264
	Current Service Cost	537,295	—	366,587	(509,026)
	Benefit Paid during the year	(145,911)	—	(46,038)	(128,380)
	Actuarial (Gain)/Loss on Defined Benefit Obligation	402,428	49,218	948,306	330,644
	Present value of Defined Benefit Obligation as on 31-03-2011	5,573,480	174,039	4,415,398	115,308
ii)	Changes in the Fair Value of Plan Assets				
	Fair Value of Plans Assets as on 01-04-2010	3,704,649	—	2,292,617	—
	Excess Provision	—	—	—	—
	Expected Return on Plan Assets for the year ending 31-03-2011	343,322	—	285,190	—
	Contribution made by the employer	233,426	—	1,172,880	—
	Benefit paid during the year	(145,911)	—	(46,038)	—
	Actuarial gain (Loss) on plan assets	—	—	—	—
	Fair Value of Plans Assets as on 31-03-2011	4,135,486	—	3,704,649	—
iii)	Amount to be recognised in the Balance Sheet as on 31-03-2011				
	Present Value of the Defined Gratuity Benefits Obligation 31-03-2011	5,573,480	174,039	4,415,398	115,308
	Fair Value of Plans Assets as on 31-03-2011	4,135,486	—	3,704,649	—
	Liability Recognised in the Balance Sheet as on 31-03-2011	1,437,994	174,039	710,749	115,308
iv)	Expenses recognised in the Statement of Profit and Loss Account				
	Current Service Cost	537,295	—	366,587	(509,026)
	Interest Cost on Obligation	364,270	9,513	233,077	31,264
	Expected Return on Plan Assets	(343,322)	—	(285,190)	—
	Actuarial (Gain)/Loss on Defined Benefit Obligation	402,428	49,218	948,306	330,644
	Expenses Recognised in the Statement of Profit and Loss Account	960,671	58,731	1,262,780	(147,118)
v)	Actual Return on Plan Assets				
	Expected Return on Plan Assets	343,322	—	285,190	—
	Actuarial gain (Loss) on Plan Assets	—	—	—	—
	Actual Return on Plan Assets	343,322	—	285,190	—

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

17. Derivative Instruments:

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

The forward exchange contracts outstanding as at 31st March, 2011 are as under:

S.N.	Currency Exchange	USD/INR	INR/USD	EURO/USD	CHF/USD	GBP/USD
a	Number of 'Buy' Contracts	—	—	—	—	—
b	Aggregate Currency Amount (in Rs. Lacs)	—	—	—	—	—
c	Number of 'Sell' Contracts	3	—	0	0	0
d	Aggregate Currency Amount (in Rs. Lacs)	286.53	—	—	—	—

18. During the year, the Company has commissioned One more Wind Turbine Generator of the Capacity of 2 MW in the State of Maharashtra.
19. The company is of the view that there are no indications of material impairment and the carrying amount of its fixed assets or where applicable, the cash generating unit to which these assets belong, do not exceed their recoverable amount (i.e. the higher of the assets' selling net price and value in use). Hence, no impairment had arisen during the year as per the recommendations of the Accounting Standard - 28 on Impairment of Assets.
20. In the opinion of the Management, the Current Assets and Loans and Advances as shown in the books are expected to realise at their Book Value in the normal course of business and adequate provision have been made in respect of all known liabilities.
21. Certain balances under the heads Sundry Debtors, Loans & Advances and Sundry Creditors are subject to confirmations from the respective parties and consequential reconciliation, if any.
22. Previous years figures have been regrouped/rearranged wherever necessary.
23. The balance sheet abstract & company's general business profile as required by part IV of Schedule VI to the Companies Act, 1956 are given in the annexure.

SIGNATURES TO SCHEDULES 1 TO 20

As per our annexed report  
For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants

M. B. DESAI  
Partner  
Membership No. 33978  
Place : Mumbai  
Date : 10th May, 2011

For and on behalf of Board of Directors  
SARLA PERFORMANCE FIBERS LIMITED  
MADHUSUDAN S. JHUNJHUNWALA  
Chairman  
KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
MANISH AGARWAL  
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL  
BUSINESS PROFILE

<b>1. REGISTRATION DETAILS</b>			
Registration No.	L31909DN1993PTC000056	State Code	54
Balance Sheet Date:	31-03-2011		
<b>2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
Share Warrants	NIL		
<b>3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)</b>			
Total Liabilities	1,399,646.26	Total Assets	1,399,646.26
Sources of Funds			
Paid up Capital	69,503.00	Share Warrants	—
Reserves and Surplus	776,433.57	Deferred Tax Liability (Net)	92,238.64
Secured Loans	461,471.05	Unsecured Loans	—
Application of Funds			
Net Fixed Assets (Including intangible assets)	720,556.19	Investments	18,322.20
Net Current Assets	660,767.87	Miscellaneous Expenditure	—
Accumulated Losses	—		
<b>4. PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)</b>			
Total Income (Included other Income)	1,648,734.76	Total Expenditure	1,475,730.48
Profit Before Tax	173,004.28	Profit After Tax	124,066.75
Profit After Tax & Prior Period Item	124,066.75	Earning Per Share - Basic (Rs.)	17.85
Earning Per Share-Diluted (Rs.)	17.85	Dividend Rate (%)	45.00%
<b>5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY</b>			
Item Code No.	54023300		54024200
Product Description	:POLYESTER/ NYLON/ SPANDEX/ LYCRA - TEXTURISED, TWISTED & DYED YARNS, HIGH/ MEDIUM TENACITY NYLON YARNS, MONOFILAMENT YARNS, COVERED YARN.		

For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants

M. B. DESAI  
Partner  
Membership No. 33978

Place : Mumbai  
Date : 10th May, 2011

For and on behalf of Board of Directors

SARLA PERFORMANCE FIBERS LIMITED

MADHUSUDAN S. JHUNJHUNWALA  
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director

MANISH AGARWAL  
Company Secretary

## AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF SARLA PERFORMANCE FIBERS LIMITED (Formerly known as Sarla Polyester Limited) ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SARLA PERFORMANCE FIBERS LIMITED

- 1) We have audited the attached consolidated Balance Sheet of M/s. Sarla Performance Fibers Limited (Formerly known as Sarla Polyester Limited), Mumbai along-with its wholly owned subsidiary company (the Sarla Group) as at 31st March, 2011 and also related Consolidated Profit and Loss Account and the Cash Flow Statement for the year ended on that date.
- 2) These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 3) We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 4) We have carried out audit of standalone financial statements of the company standalone financial statements of its wholly owned subsidiary company. Consolidated financial statements of the wholly owned subsidiary company which are considered in consolidated financial statement of the Sarla Group include financial statements of its subsidiary and joint venture companies which are not audited by us. These financial

statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

- 5) We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements', and Accounting Standard 27 on 'Financial Reporting of Interest in Joint Ventures' issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Sarla Group included in the consolidated financial statements.
- 6) We report that on the basis of the information and according to the explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the Sarla Group, we are of the opinion that the attached Consolidated Financial Statement, read together with significant accounting policies and notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (a) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Sarla Group as at 31st March 2011.
  - (b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Sarla Group for the year then ended; and
  - (c) In the case of Consolidated Cash flow statements of the consolidated cash flows of the Sarla Group for the year then ended on that date.

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

Place : Mumbai  
Date : 10th May, 2011

M. B. DESAI  
Partner  
Membership No. 33978

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs. in Lacs)

	Schedule	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SOURCES OF FUNDS:-</b>			
<b>SHARE HOLDERS FUNDS</b>			
Share Capital	1	695.03	695.03
Reserves & Surplus	2	10,128.95	8,222.32
Profit/(Loss) on Consolidation		3.06	—
<b>DEFERRED TAX LIABILITY (NET)</b>	3	922.39	653.27
<b>LOAD FUNDS</b>	4	4,760.22	3,693.40
<b>TOTAL</b>		<b>16,509.65</b>	<b>13,264.02</b>
<b>APPLICATION OF FUNDS:-</b>			
<b>FIXED ASSETS:-</b>			
Gross Block	5	11,311.57	9,083.33
Less: Depreciation		3,525.69	2,845.60
<b>NET BLOCK</b>		<b>7,785.88</b>	<b>6,237.73</b>
<b>INVESTMENTS</b>	6	—	90.09
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:-</b>			
Inventories	7	4,377.29	2,973.00
Sundry Debtors	8	5,096.31	4,318.80
Cash & Bank Balance	9	1,234.37	956.41
Loans & Advances	10	1,606.69	1,812.26
		12,314.66	10,060.47
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	11	3,252.09	2,827.42
Provisions	12	386.24	296.84
		3,638.33	3,124.26
<b>NET CURRENT ASSETS</b>		<b>8,676.33</b>	<b>6,936.20</b>
<b>PRE OPERATIVE EXPENSES (to the extent not w/o)</b>		<b>47.44</b>	<b>—</b>
<b>TOTAL</b>		<b>16,509.65</b>	<b>13,264.02</b>
Schedule referred above forms an integral part of the Balance Sheet			
<b>NOTES TO ACCOUNTS</b>	20		

As per our annexed report  
For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants

M. B. DESAI  
Partner  
Membership No. 33978  
Place : Mumbai  
Date : 10th May, 2011

For and on behalf of Board of Directors

MADHUSUDAN S. JHUNJHUNWALA  
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director

# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in Lacs)

	Schedule	Current Year 31-03-2011	Previous Year 31-03-2010
<b>INCOME:-</b>			
Sales & Incentives	13	20,024.54	15,947.70
Less: Excise Duty		723.01	415.15
Net Sales		19,301.53	15,532.55
Others Income	14	175.31	85.58
(Decrease)/Increase In Stock	15	876.40	(16.45)
		20,353.24	15,601.68
<b>EXPENDITURE:-</b>			
Raw Material Consumption		9,688.11	6,528.06
Purchase Of Trading Goods		1,556.95	1,672.75
Manufacturing Expenses	16	3,582.38	2,884.01
Employees Remuneration	17	318.11	271.49
Administrative & Other Expenses	18	1,613.05	1,288.02
Finance Charges	19	189.84	238.96
Depreciation & Amortisation		662.27	556.51
		17,610.71	13,439.80
<b>PROFIT BEFORE TAXATION</b>		2,742.53	2,161.88
Provision For Taxation			
- Current Tax		220.09	400.00
- Deferred Tax		269.12	70.20
- Fringe Benefit Tax		—	—
- Wealth Tax		0.26	0.04
<b>PROFIT AFTER TAXATION</b>		2,253.07	1,691.64
Prior Period Adjustment		—	—
Share Of Loss In Associate Concern		—	(5.06)
Balance Brought Forward		5,156.03	4,082.19
Short Provision Of Tax Of Earlier Years		—	(5.62)
Profit Distribution/Not Accumalating		—	(23.46)
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		7,409.10	5,739.69
<b>APPROPRIATIONS</b>			
Dividend		312.76	243.26
Tax On Dividend		51.95	40.40
Transfer To General Reserve		300.00	300.00
<b>BALANCE TRANSFERRED TO THE BALANCE SHEET</b>		6,744.38	5,156.03
<b>TOTAL</b>		7,409.10	5,739.69
<b>EARNING PER SHARE BASIC</b>	Rs.	32.42	24.34
<b>EARNING PER SHARE DILUTED</b>	Rs.	32.42	24.34
<b>NO. OF SHARES USED IN COMPUTING EARNING PER SHARE</b>	No.	6,950,300	6,950,300
Schedule referred above forms an integral part of the Balance Sheet			
<b>NOTES TO ACCOUNTS</b>	20		

As per our annexed report  
For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants

M. B. DESAI  
Partner  
Membership No. 33978  
Place : Mumbai  
Date : 10th May, 2011

For and on behalf of Board of Directors  
MADHUSUDAN S. JHUNJHUNWALA  
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director

*sensible growth*

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED  
BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS  
ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
100,00,000 Equity Shares Of Rs. 10/- Each	1,000.00	1,000.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
69,50,300 (P. Y. 69,50,300) Equity Shares Of Rs. 10/- Each	695.03	695.03
<b>TOTAL</b>	<b>695.03</b>	<b>695.03</b>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
<b>GENERAL RESERVE</b>	226.05	182.40
Balance As Per Last Balance Sheet	2,874.38	2574.38
Add : Transfer From Profit & Loss Account	300.00	300.00
	3,400.43	3056.78
Profit And Loss Account	6,744.38	5156.03
Foreign Currency Reserve Account	(15.87)	9.51
<b>TOTAL</b>	<b>10,128.95</b>	<b>8222.32</b>
<b>SCHEDULE 3 : DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax Liability Arising On Account Of Depreciation	922.39	653.27
<b>TOTAL</b>	<b>922.39</b>	<b>653.27</b>
<b>SCHEDULE 4: LOAN FUNDS</b>		
<b>SECURED</b>		
<b>(A) WORKING CAPITAL</b>		
<b>FROM ANDHRA BANK</b>		
Packing Credit	166.23	383.51
Post Shipment Credit	96.10	116.68
Buyers Credit	259.97	163.61
<b>FROM CITI BANK N.A.</b>		
Packing Credit	1,069.32	797.96
Foreign Documentary Bill Purchase	434.32	656.11
Buyers Credit	—	—
<b>FROM CORPORATION BANK</b>		
Packing Credit		
Foreign Documentary Bill Purchase	17.00	—
Buyers Credit - Against Machineries	186.69	293.97

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED  
BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS  
ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>FROM STANDARD CHARTERED BANK</b>		
Packing Credit	228.79	204.88
Export Bill/ Post Shipment Credit	485.13	300.65
<b>FROM DBS BANK</b>		
Packing Credit	—	—
Buyers Credit	237.90	—
(Packing Credit Is Secured Against Stock In Trade, Post Shipment And Foreign Documentary Bill Purchase Are Secured Against Foreign Documentary Demand Bills, Buyers Credit Are Secured Against Lc. Out Of Above, The Term Loan Facilities Are Secured By First Charge On Fixed Assets Of The Company And The Second Charge For Working Capital Facilities On Parri Passu Basis With All The Consortium Banks. All The Above Facilities Are Further Secured By Personal Guarantee Of Managing Director)		
<b>FROM YES BANK LIMITED</b>		
Packing Credit	163.22	—
Buyers Credit (PDC and Personal Guarantee of Managing Director)	129.11	—
<b>B) TERM LOAN</b>		
<b>FROM ANDHRA BANK</b>	74.17	145.33
(Exclusive Charge On The Machinery Financed And Personal Guarantee Of Managing Director) (Repayable Within 1 Year Rs. 69,99,996: P.Y. 69,99,996)		
<b>FROM YES BANK LIMITED</b>	146.67	440.00
(Exclusive Charge On The Wind Turbine Generator Financed And Personal Guarantee Of Managing Director) (Repayable Within 1 Year Rs. 1,46,66,666.66: P.Y. 2,93,33,333)		
<b>FROM STANDARD CHARTERED BANK-ECB LOAN</b>	891.90	—
(Exclusive Charge On The Wind Turbine Generator Financed And Personal Guarantee Of Managing Director) (Repayable Within 1 Year Rs. NIL: P.Y. NIL)		
<b>FROM HDFC BANK LIMITED</b>	28.19	—
(Exclusive Charge On Vehicle Financed) (Repayable Within 1 Year Rs. 9,79,852: P.Y. NIL)		
<b>C) UNSECURED</b>	145.51	190.70
<b>TOTAL (A+B+C)</b>	<b>4,760.22</b>	<b>3,963.41</b>

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE "5" : FIXED ASSETS													
Particulars	Rate %	Gross Block				Depreciation				Net Block		(Rs. in Lacs)	
		As on 01-04-2010	Variation in Opening Due to Foreign Exchange	Addition during the year	Deduction during the year	As on 31-03-2011	Upto 01-04-2010	Variation in Opening Due to Foreign Exchange	Excess	During the Period	Deduction	Upto 31-03-2011	As on 31-03-2011
Land		81.61	0.02	—	—	81.63	—	—	—	—	—	81.63	81.60
Building	3.34	1,161.66	—	335.95	—	1,497.61	183.02	—	43.50	—	226.52	1,271.09	978.65
Plants & Machinery	7.42	6,572.14	1.58	641.05	59.53	7,155.23	2,401.79	23.43	532.10	6.20	2,953.65	4,201.58	4,171.03
Electric Installation	7.42	332.22	0.04	11.77	—	344.03	125.04	—	25.25	—	150.31	193.72	206.19
Office Equipments	4.75	23.93	0.49	18.49	—	42.90	7.94	—	1.19	—	9.17	33.73	15.98
Computer	16.21	49.31	—	5.07	—	54.38	47.91	—	1.49	—	49.40	4.98	1.40
Other Fixed Assets	7.42	79.89	0.18	0.95	—	81.02	23.12	—	8.50	—	31.62	49.40	61.33
Motor Car	9.50	74.48	0.03	47.15	6.44	115.22	27.16	—	9.07	2.30	33.94	81.28	47.31
Furniture & Fixture	6.33	67.13	0.13	6.31	—	73.57	25.43	0.23	6.06	—	31.77	41.80	41.70
Wind Power	7.42	633.46	—	1,225.00	—	1,858.46	0.26	—	33.62	—	33.88	1,824.58	633.22
Total (A)		9,075.81	2.46	2,291.74	65.97	11,304.04	2,841.67	—	660.78	8.50	3,520.26	7,783.78	6,238.41
Previous Year		7,677.35	(48.45)	1,495.71	45.22	9,079.39	2,315.46	(16.27)	555.68	13.21	2,841.67	6,237.73	5,361.90
Intangible assets													
Software	20.00	7.52	—	—	—	7.52	3.93	—	1.50	—	5.43	2.09	0.00
Total (B)		7.52	—	—	—	7.52	3.93	—	1.50	—	5.43	2.09	0.00
Previous Year		7.52	(0.41)	—	3.17	3.94	3.11	—	0.83	—	3.93	—	4.42
GRAND TOTAL		9,083.33	2.46	2,291.74	65.97	11,311.56	2,845.60	2.65	662.28	8.50	3,525.69	7,785.87	6,237.74
Previous Year		7,684.88	(48.86)	1,495.71	48.39	9,083.33	2,318.56	(16.27)	556.51	13.21	2,845.60	6,237.73	5,366.32

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED  
BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS  
ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE 6 : INVESTMENTS</b>		
<b>LONG TERM INVESTMENTS UNQUOTED</b>		
<b>TECHNOFIL HONDURAS</b>		
(750 Shares Of 100 USD)	—	33.86
Less : Diminution In Value Of Investments	—	(32.23)
<b>INVESTMENT IN IMMOVABLE PROPERTY</b>	—	17.62
Residential Flat In Pune		
<b>INVESTMENT IN MUTUAL FUNDS</b>	—	70.84
HDFC Cash Management Fund - Treasury Advantage Plan		
Total Units Nil. (P.Y. 702330.340) NAV As On 31-03-2011 is Nil. (P.Y. Rs.10.0540)		
<b>TOTAL</b>	<b>—</b>	<b>90.09</b>
<b>SCHEDULE 7 : INVENTORIES:</b>		
(as Taken Valued And Certified By The Directors)		
Finished Goods	1,635.01	883.46
Raw Materials	1,881.92	1,435.46
Work In Process	631.90	434.09
Stores, Spares, Packing Material & Oil Etc.	228.46	219.99
<b>TOTAL</b>	<b>4,377.29</b>	<b>2,973.00</b>
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
<b>UNSECURED, CONSIDERED GOOD</b>		
Outstanding For A Period Over Six Months	500.88	316.70
Others	4,595.43	4,002.10
<b>TOTAL</b>	<b>5,096.31</b>	<b>4318.80</b>
<b>SCHEDULE 9: CASH AND BANK BALANCES</b>		
<b>CASH ON HAND</b>	11.05	13.85
<b>BALANCE WITH THE SCHEDULED BANKS</b>		
In Fixed Deposit (Margin Account)	823.76	587.84
In Foreign Currency Accounts	68.86	294.29
In Current Account	330.69	60.43
<b>TOTAL</b>	<b>1,234.36</b>	<b>956.41</b>

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED  
BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS  
ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE 10: LOANS AND ADVANCES</b>		
Amounts Receivable In Cash Or Kind Or Value		
To Be Received (Unsecured & Considered Good)	1,298.98	1,371.12
Loans And Advances - Considered Good	14.03	168.65
Deposits	109.25	109.10
Prepaid Expenses	19.12	9.52
Advance Payment Of Taxes (Net Of Provision)	165.32	153.87
<b>TOTAL</b>	<b>1,606.69</b>	<b>1,812.26</b>
<b>SCHEDULE 11: CURRENT LIABILITIES</b>		
Sundry Creditors	2,470.57	2,059.64
Sundry Creditors - Capital Goods	376.12	316.36
Other Liabilities	143.18	163.79
(There Are No Amounts Due And Outstanding To Be Credited To Investor Education And Protection Fund)		
Advances From Customers	262.22	287.64
<b>TOTAL</b>	<b>3,252.09</b>	<b>2,827.42</b>
<b>SCHEDULE 12: PROVISIONS</b>		
Provision For Gratuity	14.38	7.11
Provision For Leave Encasement	1.74	1.15
Provision For Bonus	5.41	4.92
Provision For Final Dividend	312.76	243.26
Provision For Tax On Final Dividend	51.95	40.40
<b>TOTAL</b>	<b>386.24</b>	<b>296.84</b>
<b>SCHEDULE 13: SALES, SERVICES AND INCENTIVES</b>		
<b>SALES - MANUFACTURING</b>		
Direct Exports	10,175.39	8,410.97
Deemed Exports	688.32	1,590.07
LOCAL	6,641.00	3,821.67
Less: Excise Duty	723.01	415.15
NET	5,917.98	3,406.52
<b>TRADING SALES</b>	<b>2,375.55</b>	<b>2,096.80</b>
<b>SALES TAX INCENTIVES</b>	<b>52.50</b>	<b>27.86</b>
<b>SALE OF WIND POWER</b>	<b>91.78</b>	<b>0.33</b>
<b>TOTAL</b>	<b>19,301.53</b>	<b>15,532.55</b>

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED  
BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS  
ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE 14: OTHER INCOME</b>		
Exchange Rate Difference (Net)	76.30	32.04
Rent Received	21.60	28.80
Dividend	—	1.31
Capital Gain/(Loss) On Sale Of Investments	26.79	12.42
Miscellaneous Income	50.61	11.00
<b>TOTAL</b>	<b>175.31</b>	<b>85.57</b>
<b>SCHEDULE 15: (DECREASE)/INCREASE IN STOCK</b>		
<b>OPENING STOCK</b>		
Semi Finished Goods	434.09	401.74
Finished Goods	956.41	932.26
	1,390.50	1,334.00
<b>CLOSING STOCK</b>		
Semi Finished Goods	631.90	434.10
Finished Goods	1,635.01	883.45
	2,266.91	1,317.55
<b>INCREASE IN STOCK</b>	<b>876.40</b>	<b>(16.45)</b>
<b>SCHEDULE 16: MANUFACTURING AND OPERATING EXPENSES</b>		
Direct/Other Manufacturing Expenses	400.44	297.81
Power & Fuel	935.52	919.72
Stores And Spares Consumed	281.29	195.58
Packing Materials Consumed	755.72	533.87
Oil & Chemicals Consumed	219.07	135.76
Labour Charges	615.41	462.92
Clearing & Forwarding Charges	212.43	205.42
Repairs & Maintenance - Plant & Machinery	73.49	66.25
Repairs & Maintenance - Building	26.60	27.32
(Decrease)/increase In Excise Duty On Stock Of Finished Goods	28.12	(12.31)
Water, Waste & Effluent Treatment Charges	34.29	51.67
<b>TOTAL</b>	<b>3,582.38</b>	<b>2,884.01</b>
<b>SCHEDULE 17: EMPLOYEES REMUNERATION AND BENEFITS</b>		
Salary, Wages, Bonus, Gratuity, Etc.	289.05	249.72
Staff Welfare Expenses	29.06	21.77
<b>TOTAL</b>	<b>318.11</b>	<b>271.49</b>

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED  
BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS  
ACCOUNT FOR THE YEAR ENDED ON THAT DATE

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>SCHEDULE 18: ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
Legal & Professional Charges	57.23	56.18
Auditor's Remuneration	9.36	8.70
Director's Remuneration	66.00	50.00
Postage, Telex, Fax And Telephone Charges	30.24	32.17
Insurance Charges	33.10	32.91
Office Expenses	29.98	33.72
Printing And Stationery	13.03	11.37
Traveling And Conveyance	71.22	79.75
Vehicle Expenses	40.91	62.31
Advertisement	3.43	5.21
Security Charges	24.71	9.07
Miscellaneous Expenses	126.18	23.56
Transmission Charges (Wind Power)	14.27	29.82
Fees, Rent, Rates & Taxes	44.33	43.37
Donation	1.39	11.61
Commission On Sales	148.93	178.51
Bad Debts	33.47	59.03
Sundry Balances W/O	0.02	11.91
Freight And Forwarding Charges	813.65	495.41
Business Promotion Expenses	22.11	29.71
Repairs And Maintenance Others	29.48	23.70
TOTAL	1,613.05	1,288.02
<b>SCHEDULE 19: FINANCE CHARGES</b>		
<b>INTEREST PAID (NET)</b>		
On Term Loan	47.77	6.20
On Other Facilities	80.52	174.77
Bank Commission Charges	118.78	109.56
	247.07	290.53
Less : Interest Received	57.23	51.57
(Gross TDS Rs. 5,57,747, P.Y. Rs. 12,39,913)		
TOTAL	189.84	238.96

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in Lacs)

	Current Year 31-03-2011	Previous Year 31-03-2010
<b>CASH FLOW FROM THE OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary items	2,742.53	2,161.88
<b>ADJUSTMENT FOR</b>		
Depreciation	662.28	556.51
Interest Paid	247.07	290.54
Interest Received	(57.23)	(51.57)
Capital Gain on Sale of Investment	(26.79)	(12.42)
Dividend Received	—	(1.31)
Operating Profit Before Working Capital Changes	825.32	781.75
	3,567.85	2,943.63
<b>ADJUSTMENT FOR CHANGES IN WORKING CAPITAL</b>		
Trade and Other Receivable	(777.52)	(561.82)
Inventories	(1,404.29)	(53.53)
Loans & Advances	79.75	(472.29)
Trade and Other Payable	514.07	590.30
Cash Generated from Operations	(1,587.98)	(497.34)
Income Tax Paid	1,979.87	2,446.29
FBT Paid	(230.58)	(412.46)
Net Cash Flow from Operating Activities (1)	(230.58)	(412.46)
	—	(412.46)
	1,749.29	2,033.83
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,228.24)	(1,398.45)
Purchase of Investment	—	(70.84)
Dividend Received	—	1.31
Sale of Investment	133.74	100.00
Capital Gain on Sale of Investment	26.79	12.42
Foreign Exchange Reserve	—	(85.71)
Interest Received	57.23	51.57
Net Cash Flow from Investing Activities (2)	(2,010.48)	(1,389.70)
	(2,010.48)	(1,389.70)
<b>Net Cash Flow on Consolidation</b>	3.06	(29.33)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Preferential Warrants Issued	—	—
Net Fund Raised/(Repayment)	1,066.82	(203.39)
Dividend Paid	(243.26)	(243.26)
Dividend Tax Paid	(40.40)	(41.34)
Interest Paid	(247.07)	(290.53)
Net Cash Raised from Financing Activities (3)	536.08	(778.53)
Net Changes in Cash and Cash Equivalent (1+2+3)	277.96	(163.72)
Cash and Cash Equivalent - Opening Balance	956.41	1,120.14
Cash and Cash Equivalent - Closing Balance	1,234.37	956.41

**Notes :**

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

This is the Cash Flow statement referred to in our Report of even date  
For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants

M. B. DESAI  
Partner  
Membership No. 33978  
Place : Mumbai  
Date : 10th May, 2011

For and on behalf of Board of Directors

MADHUSUDAN S. JHUNJHUNWALA  
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director

## SCHEDULE 20:

Notes forming part of the consolidated accounts for the year ended 31st March, 2011.

## 1. SIGNIFICANT ACCOUNTING POLICIES:

**ACCOUNTING CONVENTION:** The Accounts are prepared on accrual basis under the historical cost convention, except for certain fixed assets which are revalued, in accordance with applicable accounting standards and relevant provisions of the Companies Act, 1956.

**BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS:** The consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and relevant provisions of the Companies Act, 1956 to the extent applicable.

**PRINCIPLES OF CONSOLIDATION:** The consolidated financial statements relate to Sarla Performance Fibers Limited, its subsidiary company i.e. Sarla Overseas Holdings Limited. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
- b) In case of foreign subsidiary, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.
- c) The financial statement of the subsidiary company (consolidated with the Company) includes financial statements of its subsidiary company i.e. step down subsidiary and its interest in joint venture companies. Financial statements of subsidiary company is combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements". Interest in joint venture have been accounted by using proportionate consolidated method as per Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures".

*The only unchanging attributes of a successful corporation will be openness to new ideas, meritocracy, speed, innovation and excellence in execution.*

- d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- e) The consolidated Financial Statements of M/s. Sarla Overseas Holdings Ltd., a wholly owned subsidiary company incorporated in Hongkong, B.V.I. is considered in the consolidated financial statement of parent company which includes 60% share of Subsidiary, Sarla Europe, LDA, Portugal, a share in joint ventures to the extent of 40% in M/s. Savitex SA De C.V., Honduras, 45% in Sarla Tekstil Sanayi and 33.33% in MRK SA De CV, Honduras.

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

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

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

**DEPRECIATION & AMORTISATION:** Depreciation on fixed assets is provided as per the straight line method (SLM) at the rate and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on prorata basis. Fixed Assets are capitalized at cost inclusive of expenses and interest wherever applicable.

Intangible Assets are amortized over their respective individual estimated useful life on a straight line basis commencing from the year the asset is available to the Company for its use not exceeding five years.

Depreciation is charged by the subsidiaries and joint venture companies as per the provisions applicable in their respective companies or as per the estimated useful life of the assets ascertained by the management.

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

**INVENTORIES:**

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

**PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:** A provision is recognised when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Contingent Assets are neither recognised nor disclosed in the financial statements. Contingent liabilities are not recognised but are disclosed by way of note on the balance sheet. Provision is made in the accounts for those liabilities which are likely to materialise after the year end till the finalisation of accounts and having effects on the position stated in the balance sheet as at the year end.

**FOREIGN EXCHANGE TRANSACTION:**

- A: Transactions entered into and those settled during the year in foreign currency are recorded at the actual exchange rates prevailing at the time of the transactions.
- B: Foreign currency transactions remaining unsettled at the year end and not covered by forward contract are translated at the exchange rates prevailing at the year end.
- C: The exchange difference on account of restatement of the subsidiary and Joint Venture's assets and liabilities has been shown as Foreign Currency transaction reserve account in the Consolidated Balance Sheet as on year end.

**REVENUE RECOGNITION:**

- A: Sales are recognized, net of returns and trade discounts, on despatch of goods to customers and are reflected in the accounts at gross realisable value i.e. inclusive of excise duty. Inter-unit sales/purchases have been eliminated during the year. In case of export sales, revenue is recognised when the risk and reward on the goods is transferred to the customers i.e. on the basis of date of bill of lading.
- B: In appropriate circumstances, Revenue (Income) is recognised when no significant uncertainty as to Measurability or collectibility exists, Export benefits/ incentives are accounted on accrual basic.
- C: Interest income is recognised on time proportionate method.
- D: Dividend is accrued in the year in which it is declared whereby a right to receive is established.

**TAXATION:**

- A: Provision for current taxation is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with Income Tax Act, 1961 for the relevant assessment year.
- B: Deferred Tax resulting from "timing differences" between book and tax profits is accounted for under the liability method, at the current rate of tax and tax laws that have been enacted or substantively enacted at the Balance Sheet, to the extent that the timing differences are expected to crystallise, as deferred tax charge / benefit in the Profit and Loss Account and as deferred tax asset or liabilities in the Balance Sheet. The deferred tax assets is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.

**BORROWING COST:** Borrowing cost that attributes to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to set ready for intended use. All other borrowing cost are charged to revenue.

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

**2. i. CONTINGENT LIABILITIES NOT PROVIDED FOR:**

- A) Letter of Credit: Letter of Credit issued by Banks on

behalf of the Company Rs. 3,345.71 Lacs (P. Y. Rs. 2,016.74 Lacs), these are covered by the Charge created in favour of the Company's Bankers by way of Hypothecation of Stocks, Receivable & Machineries/Assets of the Company.

B) Guarantees: Bank Guarantees issued by Banks on behalf of the Company Rs. 361.69 Lacs (Previous Year Rs. 345.79 Lacs). These are secured by the charge created in favour of the Company's bankers by way of pledge of Fixed Deposit Receipts.

C) The claim against Company not acknowledged as debt, comprises of Excise duty & Customs duty disputed by company relating to issue of applicability and classification aggregating to Rs. 1,891.72 Lacs. (Previous Year Rs. 1,845.23 Lacs).

D) Bill discounted not matured Rs. 1,022.50 Lacs (Previous Year Rs. 1,073.45 Lacs).

The contingent liabilities in respect of Bank Guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

E) CST liability in respect of invoice amount of Rs. 2,518.59 Lacs (Previous Year Rs. 1,559.08 Lacs) for which C-Form are yet to be collected from the costumers.

F) Liability of Income tax with respect to which appeal is pending before ITAT amounting to Rs. 13.17 Lacs for A.Y. 2003-04, and appeals pending before CIT Appeal amounting to Rs. 9.93 Lacs for A.Y 2007-08, Rs. 30.56 Lacs for A.Y. 2008-09 and Rs. 6.28 Lacs for A.Y. 2009-10.

2. ii: Estimated amount of contracts remained to be executed on capital account net of advance at the end of the year Rs. 59.91 Lacs (Previous Year Rs. 47.17 Lacs).

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

B: No provision is made for the interest of Rs. 7.24 Lacs for Unsecured Loan given to Sarla Overseas Holdings Limited, a wholly owned subsidiary of the Company. Neither the company nor the said subsidiary has provided

the interest. Hence profit of the current year is under stated to this extent.

C: Sarla Overseas Holdings Limited has an investment of USD 840,888 (Equivalent to Rs. 380.80 Lacs) for 16,000 Shares of Savitex SA De C.V., out of the total capital of 40,000 shares in Savitex SA de C.V., Honduras and EURO 3,000 (Equivalent to 1.95 Lacs) for 3 Shares in Sarla Europe LDA, Portugal out of the total capital of 5 Shares of Sarla Europe LDA.

D. During the year, Sarla Overseas Holdings Limited has made an investment of USD 280,000 in Sarla Tekstil Sanayi, Turkey, towards 45% share capital of the company.

E. During the year, Sarla Overseas Holdings Limited has made an investment of USD 100,000 in MRK SA De CV (which has taken over all the assets and liabilities of Technofil Honduras), towards 33.33% share capital of the company.

4. Managing Director's remuneration is Rs. 39.00 Lacs (Previous Year Rs. 30.00 Lacs) & the whole time Director's remuneration is Rs. 27.00 Lacs (Previous Year Rs. 20.00 Lacs) is in accordance with Section 198 Schedule XIII of the Companies Act, 1956.

5. RELATED PARTY TRANSACTIONS:

The Company has transactions with following related parties:

- 1) Associate's.
  - a) M/s. Satidham Industries Pvt. Ltd.
  - b) M/s. Sarla Estate Developers Pvt. Ltd.
  - c) M/s. Hindustan Cotton Co.
  - d) M/s. Shivchandrai Jhunjunwala & Co.
  - e) M/s. Harmony Estates Pvt. Ltd.
- 2) Key Management Personnel
  - a) Madhusudan Jhunjunwala - Chairman
  - b) Krishna Jhunjunwala - Managing Director
- 3) Joint Ventures of Subsidiary Company
  - a) Savitex SA de C. V., Honduras
  - b) MRK SA de C.V., Honduras
  - c) Sarla Tekstil Filament Sanayi Ticaret A.S.
- 4) Subsidiary Companies
  - a) M/s. Sarla Overseas Holding Ltd. (SOHL)
  - b) M/s. Sarla Europe, Lda held through SOHL

Details of transactions with above related parties

(Rs. in Lacs)

	Associates Enterprises		Key Management Personnel		Joint Ventures		Subsidiary Co.	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Rent paid	5.00	5.00	—	—	—	—	—	—
Unsecured Loan given	—	—	—	—	—	—	—	149.85
Unsecured Loan Received Back	—	—	—	—	—	—	149.85	—
Investment in Share	—	—	—	—	—	—	—	—
Investment in Subsidiary	—	—	—	—	—	—	183.22	183.22
Unsecured Loan Taken	—	—	—	—	—	—	—	—
Unsecured Loan Paid	—	—	—	—	—	—	—	—
Managerial Remuneration	—	—	66.00	50.00	—	—	—	—
Advance Received	—	—	—	—	—	—	—	—
Security Deposit	—	—	—	—	—	—	—	—
Sale of Goods	—	32.48	—	—	201.98	—	866.83	398.03
Debtors	—	—	—	—	43.80	—	278.73	312.80

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

6. TAXATION:

- A: Provision for taxation for the current year has been made, taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.
- B: In accordance with AS-22 issued by the Institute of Chartered Accountants of India on 'Accounting of Taxes on Income' net deferred tax expenses on account of timing difference for current year is Rs. 269.12 Lacs (P.Y. Rs. 70.20 Lacs) is charged to profit and loss account.

Deferred Tax Asset/ Liability has not been created for Foreign, Subsidiary & Joint Venture.

7. DERIVATIVE INSTRUMENTS:

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

The forward exchange contracts outstanding as at 31st March, 2011 are as under:

S.N.	Currency Exchange	USD/INR	INR/USD	EURO/USD	CHF/USD	GBP/USD
a	Number of 'Buy' Contracts	—	—	—	—	—
b	Aggregate Currency Amount (in Rs. Lacs)	—	—	—	—	—
c	Number of 'Sell' Contracts	3	—	0	0	0
d	Aggregate Currency Amount (in Rs. Lacs)	286.53	—	—	—	—

8. During the year, the Company has commissioned One more Wind Turbine Generator of the Capacity of 2 MW in the State of Maharashtra.
9. The company is of the view that there are no indications of material impairment and the carrying amount of its fixed assets or where applicable, the cash generating unit to which these assets belong, do not exceed their recoverable amount (i.e. the higher of the assets' net selling price and value in use). Hence, no impairment had risen during the year as per the recommendations of the Accounting Standard - 28 on Impairment of Assets.
10. In the opinion of the Management, the Current Assets and Loans and Advances as shown in the books are expected to realise at their Book Value in the normal course of business and

adequate provision have been made in respect of all known liabilities.

11. Certain balances under the heads Sundry Debtors, Loans & Advances and Sundry Creditors are subject to confirmations from the respective parties and consequential reconciliation, if any.
12. The balance sheet abstract & company's general balance sheet profile as required by part IV of Schedule VI to the Companies Act, 1956 are given in the annexure.
13. Previous years figures have been regrouped/rearranged wherever necessary.

For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants

M. B. DESAI  
Partner  
Membership No. 33978  
Place : Mumbai  
Date : 10th May, 2011

For and on behalf of Board of Directors

SARLA PERFORMANCE FIBERS LIMITED  
MADHUSUDAN S. JHUNJHUNWALA  
Chairman  
KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director

## CONSOLIDATED BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>1. REGISTRATION DETAILS</b>			
Registration No.	L31909DN1993PTC000056	State Code	54
Balance Sheet Date:	31-03-2011		
<b>2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
Share Warrants	NIL		
<b>3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)</b>			
Total Liabilities	170,622.66	Total Assets	170,622.66
Sources of Funds			
Paid up Capital	19,635.90	Share Warrants	—
Reserves and Surplus	131,916.89	Deferred Tax Liability (Net)	—
Secured Loans	0.00	Unsecured Loans	19,069.86
Application of Funds			
Net Fixed Assets (Including intangible assets)	34,090.58	Investments	—
Net Current Assets	136,532.08	Miscellaneous Expenditure	—
Accumulated Losses	—		
<b>4. PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)</b>			
Total Income (Inclusive of other Incomes)	237,294.20	Total Expenditure	180,973.15
Profit Before Tax	56,321.05	Profit After Tax	56,321.05
Profit After Tax & Prior Period Items	56,321.05	Earning Per Share - Basic (Rs.)	129.47
Earning Per Share-Diluted (Rs.)	129.47	Dividend Rate (%)	45.00%
<b>5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY</b>			
Item Code No.	54023300		54024200
Product Description	:POLYESTER/ NYLON/ SPANDEX/ LYCRA - TEXTURISED, TWISTED & DYED YARNS, HIGH/ MEDIUM TENACITY NYLON YARNS, MONOFILAMENT YARNS, COVERED YARN.		

For SUNDARLAL, DESAI & KANODIA  
Chartered Accountants

M. B. DESAI  
Partner  
Membership No. 33978

Place : Mumbai  
Date : 10th May, 2011

For and on behalf of Board of Directors  
of SARLA PERFORMANCE FIBERS LIMITED

MADHUSUDAN S. JHUNJHUNWALA  
Chairman & Whole time Director

Krishnakumar M. Jhunjhunwala  
Managing Director

## NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Members of SARLA PERFORMANCE FIBERS LIMITED will be held on Thursday, the 29th September, 2011 at the Registered office of the Company at Survey No.59/1/4, Amlipiparia Industrial Estate, Silvassa - 396 230, U.T. of Dadra & Nagar Haveli, at 11.30 A.M. to transact the following business :

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Madhusudan S. Jhunjhunwala, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit to pass, with or without modification(s), the following Resolution as an ordinary Resolution :-

"RESOLVED THAT Mr. Anil Kumar Jain, who was appointed as an Additional Director of the Company by the Board of Directors under the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Meeting and in respect of whom the Company has received a Notice in writing from a Member pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed a Director of the Company, liable to retire by rotation."

6. Authority to Directors to borrow in excess of the Paid-up Capital and Free Reserves

To consider and if thought fit to pass, with or without modification/ (s), the following Resolutions as an ordinary Resolution :-

"RESOLVED THAT in supersession of the earlier resolution passed at the Extra Ordinary General Meeting held on

14th June, 1994 and pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors for borrowing any sum or sums of money from time to time from any one or more of the Company's Bankers and / or some or any one or more persons, firms, bodies corporate, or Financial Institutions whether by way of cash credit, advance or deposits, loans or bills discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress or all or any of the undertaking of the Company notwithstanding that the moneys to be borrowed together with the money's already borrowed by the Company's (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however that the total amount up to which the monies may be borrowed shall not exceed the sum Rs. 250 crore (Rupees Two Fifty Crore) exclusive of interest and that the Board of Directors be and is hereby further authorized to execute such deeds of debentures and debentures trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit, receipts, and other deeds and instruments or writings as they may consider proper and containing such conditions and covenants as the Board of Directors may think fit."

7. Authority to Mortgage, etc.

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of provisions of section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging (by way of first/second/third charge, as has been agreed to between the Company and the Lenders) by the Board of Directors of the Company, of all the immovable and movable properties of the Company, present and future, wheresoever situate, and the whole of the undertaking of the Company and/or conferring the power to enter upon and take possession of the assets of the Company in certain events, in favour of Security Trustees, on behalf of the banks to secure the loans/facilities granted/to be granted.

For and on behalf of Board of Directors

(MADHUSUDAN S. JHUNJHUNWALA)  
Chairman & Whole-time Director

Place : Mumbai  
Date : 10th May, 2011

## ANNEXURE TO NOTICE

## Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Company has fixed Closure of Register of Members and Share Transfer Books from Thursday, the 22nd September 2011 to Thursday, the 29th September, 2011 (both days inclusive) for determining the names of members eligible for dividend, if approved, on Equity

Shares for the year ended 31st March 2011. The dividend if declared at the Annual General Meeting will be paid on or before 29th October, 2011, in respect of Shares held in physical form to those members whose names appear on the Register of Members of the Company after giving effect to all valid Share Transfers lodged with the Company at the end of business hours on 21st September 2011 and in respect of shares held in the Electronic Form to those "deemed members" whose names appear in the statement of beneficial ownership furnished by the NSDL & CDSL as at the end of the business hours on 21st September 2011.

4. Details of Director seeking reappointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement):-

Name of Director	Mr. Madhusudan S. Jhunjunwala
Date of Birth	12.02.1941
Date of Appointment	28.09.1994
Expertise in specific functional areas	Experience in Finance and Office Administration
Qualifications	B. Com.
List of Public Companies in which outside Directorships held as on 31st March, 2011	Nil
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31st March, 2011	Nil
No. of Equity Shares held in the Company as on 31st March, 2011.	194.500

5. Details of Director seeking reappointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement):-

Name of Director	Mr. Anil Kumar Jain
Date of Birth	09.05.1953
Date of Appointment	09.12.2010
Expertise in specific functional areas	Manufacturing & Export of Textile
Qualifications	B. Com. (Hons.)
List of Public Companies in which outside Directorships held as on 31st March, 2011	1. Indo Count Industries Ltd. 2. Margo Finance Ltd. 3. Kanco Enterprises Ltd. 4. Pranavaditya Spinning Mills Ltd.
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31st March, 2011	1. Indo Count Industries Ltd. Chairman in Share Transfer & Investors Grievances Committee 2. Margo Finance Ltd. Chairman in Share Transfer Committee 3. Kanco Enterprises Ltd. Member in Remuneration Committee 4. Pranavaditya Spinning Mills Ltd. Chairman in Share Transfer & Investors Grievances Committee
No. of Equity Shares held in the Company as on 31st March, 2011.	Nil

# POLYESTER/ NYLON YARN BUSINESS

India Produces 18% of world's cotton yarn and 14% of world's textile yarn.

India ranks 4th after China, South Korea and Taiwan in exports of polyester.

Textile sector contributes 14% to industrial production, 4% to India's GDP, 17% of India's export earning and gives employment to 35 million people.

Prices of cotton yarn rose 2.5 times in past 1 year as compared to 0.5 times to polyester yarn.

In India consumption of cotton yarn is 50% more than polyester yarn at present. Polyester and other man made yarns have 40% of yarn consumption in India vs 61% for natural fiber including cotton.

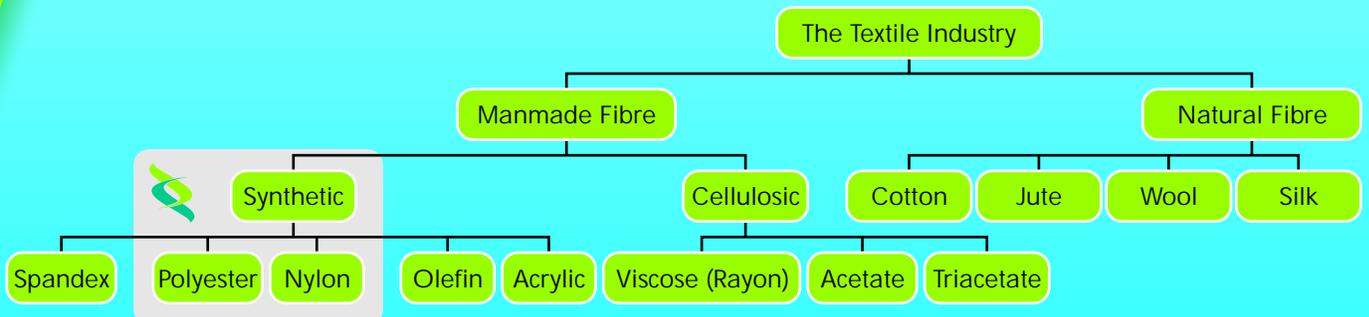
## WORLD

Natural Fiber = 26.3 MMT (37%)    Manmade Fiber = 47.1 MMT (63%)

Per capita consumption (Kgs)

Region	Cotton			Polyester		
	2005	2010	%	2005	2010	%
World	4.0	3.7	(7.5)	3.7	5.1	38
China	7.0	8.0	14	10	18	80
India	3.0	3.9	30	1.8	2.5	38

SPFL is focused on niche business of high tenacity nylon and polyester yarn  
SPFL's Position in the Textile Industry



# DID YOU KNOW?



# WIND POWER BUSINESS

Wind is actually another form of the sun's energy. Because some parts of our planet receive more direct sunlight than others - the tropics, for example, obviously get more than the polar regions - the resulting difference in air temperature creates large planetary flows of wind.

Windmills are sited where winds average more than 15 miles per hour necessary for efficient production of electricity.

Wind power is not only the fastest-growing source of renewable electricity but also it is the fastest growing source of any form of energy.

Details of all our windmills:

Sr. No.	Capacity	Make	Location	Year of Commencement
1)	2.000 MW	Kenersys	Visapur, Satara	March 2011
2)	1.250 MW	Suzlon	Barediya, Gujarat	March 2010

DID YOU  KNOW?







## SARLA PERFORMANCE FIBERS LIMITED

Registered Office: Survey No. 59/1/4, Amla Piparia Industrial Estate, Silvassa – 396 230.  
U.T. of Dadra & Nagar Haveli

### GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Members,

The Ministry of Corporate Affairs, Government of India has, vide its Circular nos. 17/2011 dated 21st April 2011 and 18/2011 dated 29th April 2011 introduced the concept of 'Green Initiative in Corporate Governance' by permitting paperless compliances by companies through electric mode. By virtue of the said circulars, companies are now permitted to send their Annual Reports and other communications/documents to members electronically, to their registered e-mail addresses.

This move by the Government would contribute significantly towards a greener environment by reducing paper consumption. In addition, substantial costs towards printing and posting would be saved, thereby increasing profits.

In the light of the above benefits, henceforth, the Company plans to serve all the communications/documents in electronic form to its members to their e-mail addresses. For making the same possible, a sincere appeal and request is made to the members to provide/update their email addresses to/with their *Depository Participant* in the format provided below. The same will be deemed to be your registered e-mail addresses for serving any communications/documents in the future.

Please note that the communications/documents which will be sent electronically will also be hosted on the Company's website viz., [www.sarlafibers.com](http://www.sarlafibers.com)

Kindly note that if you do not register your e-mail addresses, a physical copy of the communications/documents will be provided free of cost by the Company at your registered addresses, as per the current practice.

We at Sarla Performance Fibers Limited therefore urge you to kindly cooperate and contribute to the Greener and healthier environment by according your consent to the above.

Thanking you,

Yours faithfully,

MADHUSUDAN S. JHUNJHUNWALA  
*Chairman & Whole time Director*

### E-MAIL ADDRESS REGISTRATION FORM TO BE SUBMITTED BY MEMBERS TO THEIR DEPOSITORY PARTICIPANTS

Folio No. / DP ID & Client ID:- \_\_\_\_\_

Name of the member:- \_\_\_\_\_

Name of the Joint member:- \_\_\_\_\_

Registered Address:- \_\_\_\_\_

Email ID (to be registered):- \_\_\_\_\_

I/we member(s) of Sarla Performance Fibers Limited agree to receive Annual Reports and any other communications/documents from the Company in electronic mode. Please register my/our above mentioned e-mail id in your records for sending Annual Reports/communications/documents through e-mail.

Date:-

Signature(s):-

Note:- Members are requested to keep their Depository Participants informed as and when there is any change in their email address or registered address.



SARLA PERFORMANCE FIBERS LIMITED

Registered Office: Survey No. 59/1/4, Amlipiparia Industrial Estate, Silvassa – 396 230. U.T. of Dadra & Nagar Haveli

PROXY FORM

\*DP ID \_\_\_\_\_

\*Client ID \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being member/members of SARLA PERFORMANCE FIBERS LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/or behalf at the Eighteenth Annual General Meeting of the Company to be held on Thursday, the 29th September, 2011 at 11.30 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.



Signature of Shareholder

NOTE: This form duly completed should be deposited at the Registered Office of the Company before 48 hours of the meeting.

\* Applicable for members holding shares in dematerialised form.



SARLA PERFORMANCE FIBERS LIMITED

Registered Office: Survey No. 59/1/4, Amlipiparia Industrial Estate, Silvassa – 396 230. U.T. of Dadra & Nagar Haveli

ATTENDANCE SLIP

(Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand over at the entrance of the Meeting hall.)

I hereby record my presence at the Eighteenth Annual General Meeting of the Company at the Registered Office situated at 59/1/4, Amlipiparia Industrial Estate, Silvassa - 396 230 U.T. of Dadra & Nagar Haveli, on Thursday, the 29th September, 2011 at 11.30 a.m

Full name of the Shareholder/Proxy \_\_\_\_\_

(in block letters)

Regd. Folio No. \_\_\_\_\_

\*DP ID \_\_\_\_\_

\*Client ID \_\_\_\_\_

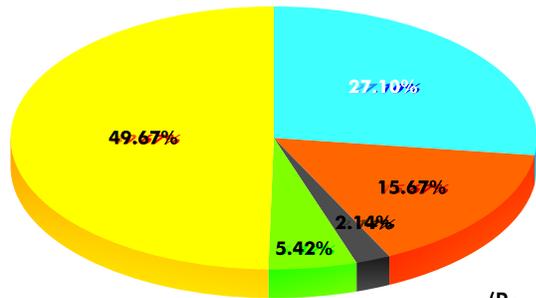
No. of Share Hold \_\_\_\_\_

Signature of Shareholder

(PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING)

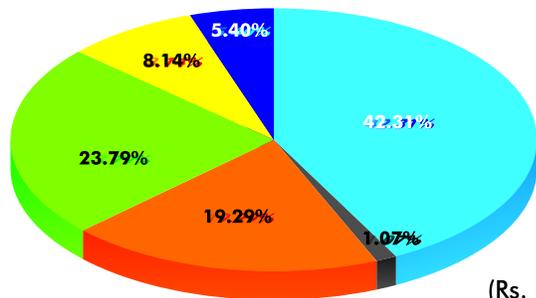
\*Applicable for members holding shares in dematerialised form.

## SOURCES OF FUNDS 2010 - 2011



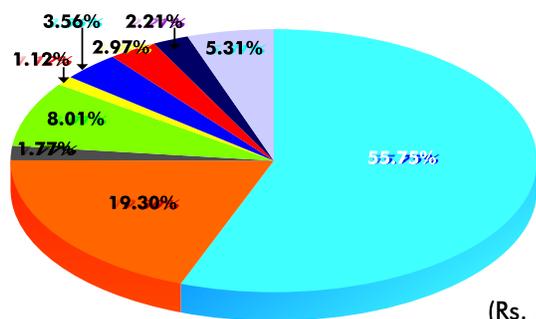
	(Rs. in Lacs)
Money Borrowed from Banks and Others	4,614.71
Payable for Goods and Other Liabilities	2,669.13
Proposed Dividend	364.71
Deferred Tax Liability	922.39
Share Holders Funds	8,459.37
<b>Total</b>	<b>17,030.31</b>

## APPLICATIONS OF FUNDS 2010 - 2011



	(Rs. in Lacs)
Fixed Assets	7,205.56
Investments	183.22
Inventories	3,284.79
Receivables	4,050.53
Loans and Advances	1,386.91
Cash and Bank Balances	919.30
<b>Total</b>	<b>17,030.31</b>

## DISTRIBUTION OF REVENUE 2010 - 2011



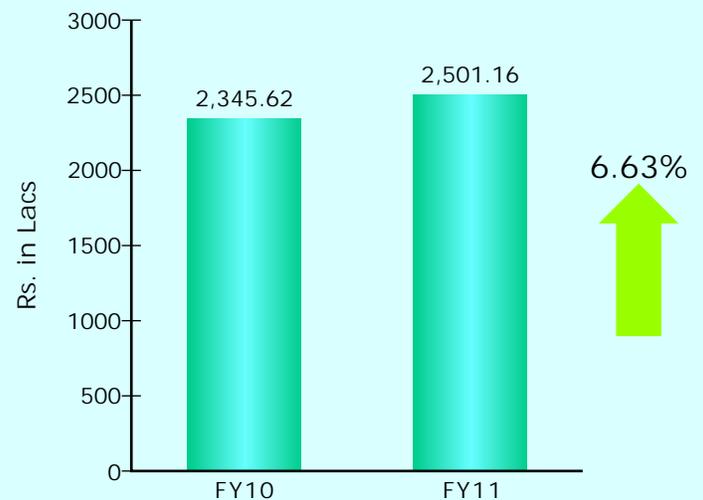
	(Rs. in Lacs)
Material	9,191.56
Manufacturing Expenses	3,181.94
Employee Remuneration & Benefits	291.24
Administrative & Other Expenses	1,321.45
Interest & Finance Charges	184.66
Depreciation	586.46
Tax	489.38
Divided (including tax)	364.71
Others	0.00
Retained Earnings	875.95
<b>Total</b>	<b>16,487.35</b>

## HIGHLIGHTS OF THE YEAR

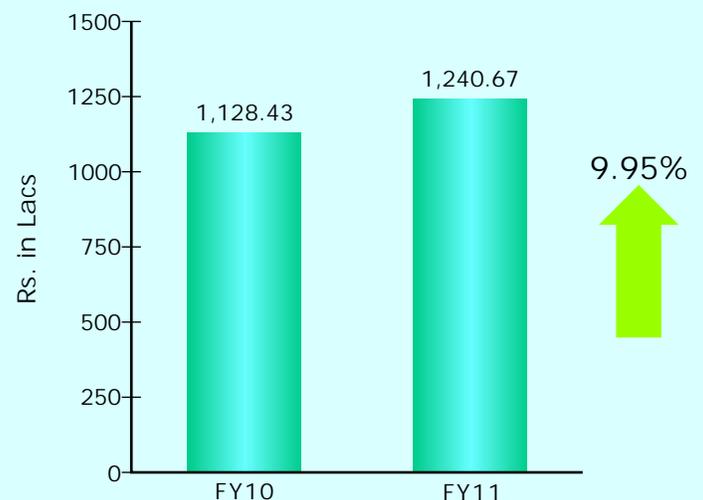
### REVENUES



### EBIDTA



### PAT



# Various uses of Performance Fibers



SEGMENT	APPLICATIONS
Sewing Threads	T-Shirts, Polos, Briefs, Lingerie, Fleece Goods, Bedding - Sheets and Comforters, Swim Suits, Towels and Placemats
Industrial Yarns	Embroidery, Quilting, Mattress, Upholstered Furniture, Automotive Interior, Seat Belts, Canvas Goods, Dress and Athletic Shoes and Automotive Air Bags
Narrow Fabrics, Hosiery, Innerwear & Sportswear	Athletic Socks, Medical Bandages, Dress Socks, Athletic Wear, Swim Wear and Casual Dress



Registered Office: Survey No. 59/1/4, Amla Piparia Industrial Estate, Silvassa - 396 230, U. T. of Dadra & Nagar Haveli  
 Corporate Office: 304, Arcadia, Nariman Point, Mumbai - 400 021 Phone No: + 91-22-2283 4116 Fax No: + 91-22-2285 1728  
 Website: [www.sarlafibers.com](http://www.sarlafibers.com)  
 Investors services e-mail id: [investors@sarlafibers.com](mailto:investors@sarlafibers.com)