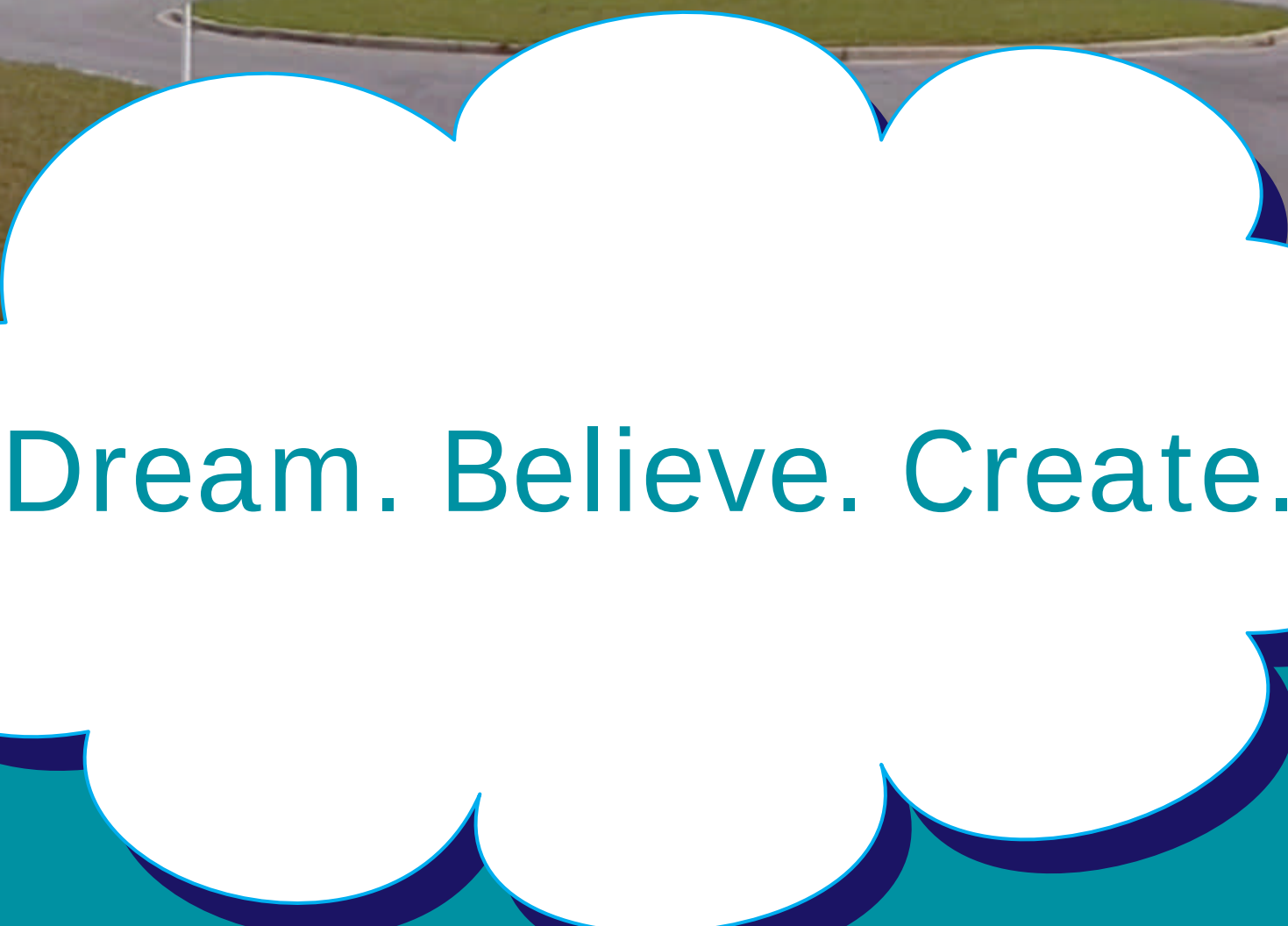
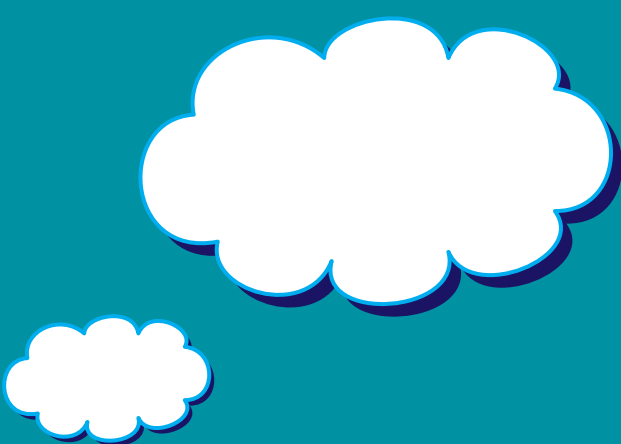
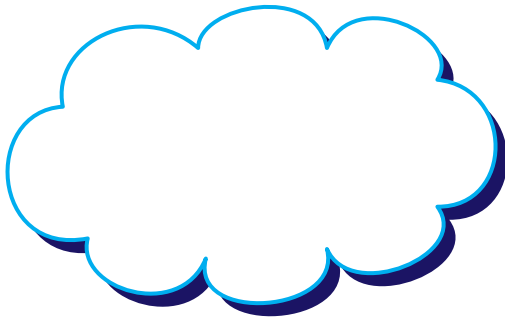
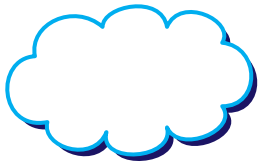




Dream. Believe. Create.



20th Annual Report
2012-13



Dream. Believe. Create.

We all have dreams; dreams that seize us, consume us, and inspire us to reach for greatness. Yet the clamour of the world conspires to distance us from our dreams, draining them of their potency. When we dream we make meaning of life, discover the essence of ourselves, truly grow up, and most importantly, model for children how to dream.

**Remarkable Things Happen
When you Dare to Dream
At Sarla Performance Fibers,
We Dare to Dream.**

2 decades ago when we started, we had a dream to make a distinct mark within our chosen sector of performance yarns in India. Now, we have a new dream to be an admired company in our chosen segment in the world's largest market - USA. This year we will start our first POY manufacturing unit in the USA. It will unleash unprecedented opportunities for growth. The start of Nylon 66 unit at Silvassa in this July also starts a new chapter for us giving us the distinction of being the only one of this kind in India and a few in the world. Our best is yet to come as we realize the benefits of these two landmark events over the next few years.

Board of Directors:

MADHUSUDAN JHUNJHUNWALA	Chairman & Whole-time Director
KRISHNAKUMAR M. JHUNJHUNWALA	Managing Director
ARUN VAID	Director
JIGAR A SHAH	Director
ANIL KUMAR JAIN	Director (upto 20th June 2013)

Chief Financial Officer & Company Secretary:

MAHENDRA SHETH

Audit Committee:

ARUN VAID	Chairman
MADHUSUDAN JHUNJHUNWALA	Member
JIGAR A SHAH	Member

Auditors:

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

Bankers:

ANDHRA BANK	CITIBANK N. A.	DBS BANK LTD.
STANDARD CHARTERED BANK	YES BANK LTD.	INDUSIND BANK

Registered Office:

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

Plants:

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

Corporate Office:

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

Website:

www.sarlafibers.com

Investors services e-mail id:

investors@sarlafibers.com

Registrars & Transfer Agents:

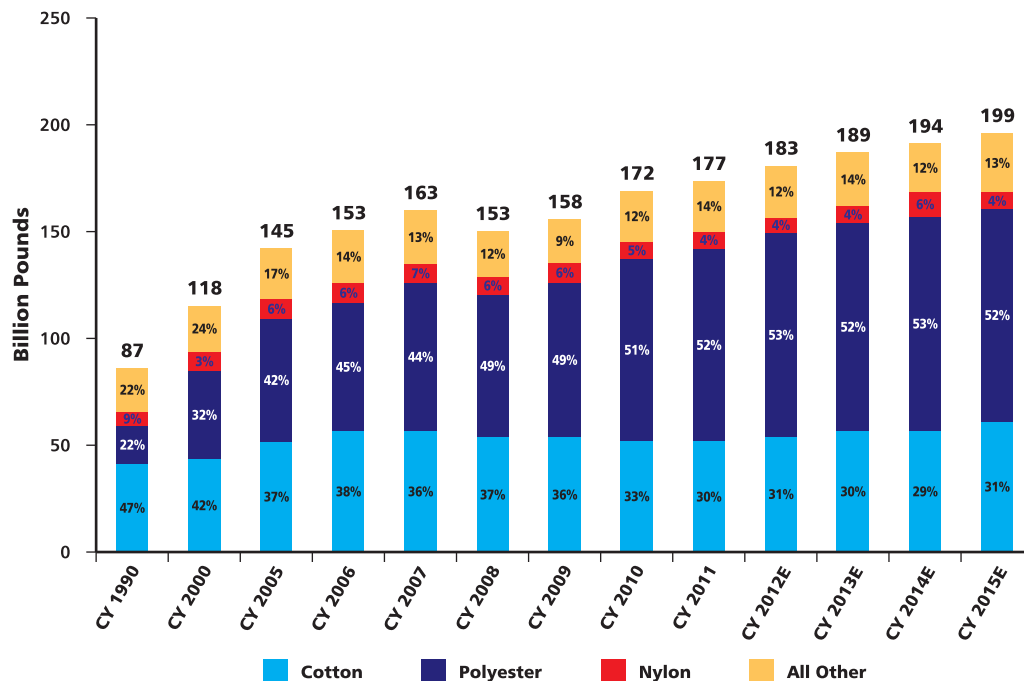
M/s. Sharex Dynamic (India) Pvt. Ltd.,
Unit - 1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai - 400 072.

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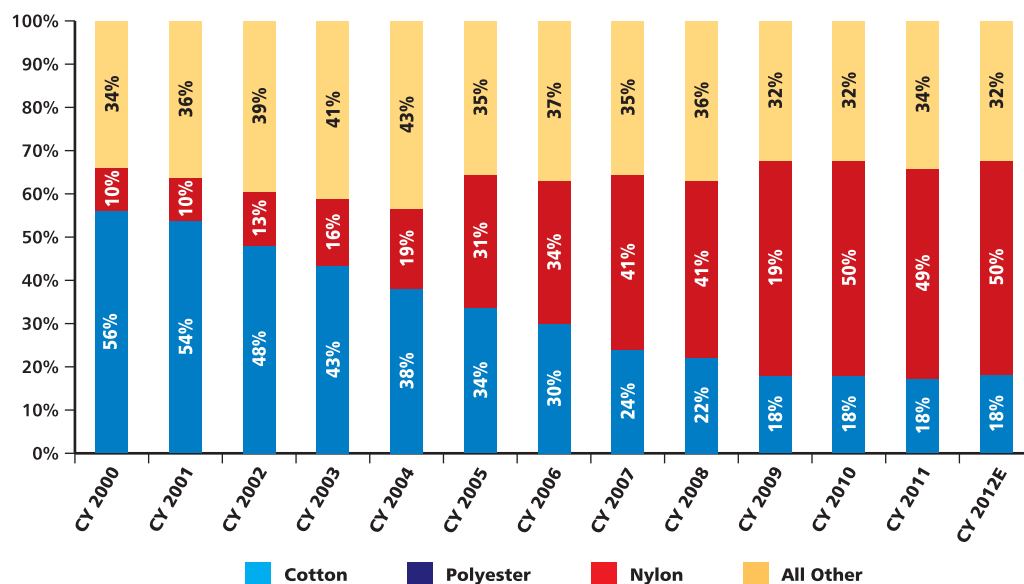
TEXTILE FIBER MARKET (GLOBAL, USA) AND SPFL'S STRATEGY CONSUMPTION OF MAN-MADE FIBER TO INCREASE

The world textile fiber market is projected to grow by 2-3% p.a. between 2011 and 2020. The synthetic fiber (polyester and nylon) consumption is likely to grow at 3-4% p.a. because of superior functionality compared to cotton. The man made fiber are preferred also because they allow more acreage for food supply in countries like China and India.

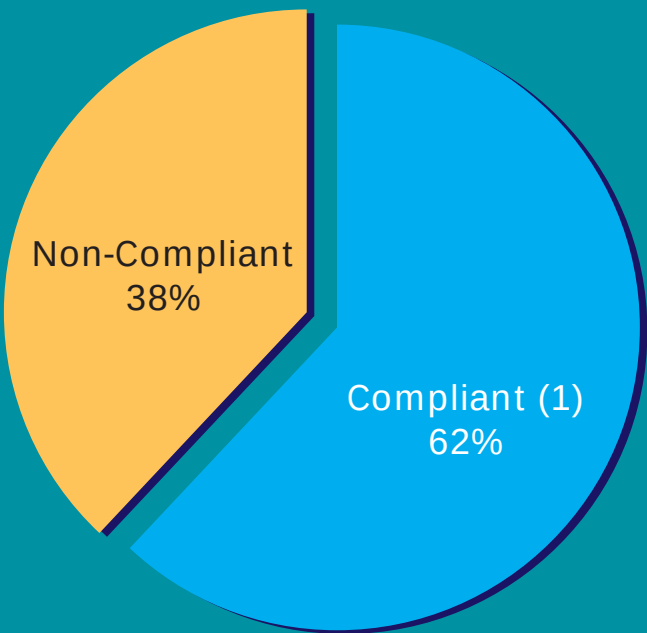


SPFL is betting on return of textile manufacturing in the US. Over the past 12 years, US lost almost half of its total apparel manufacturing to China in the lure of out sourcing. Now, as the Chinese manufacturing is losing cost advantage and policies are favourable for manufacturing in the US, new textile plants are making a comeback in the US. We feel the time is opportune to start manufacturing in the US as investments in its textile sector will grow and prefer local supplies in time to come.

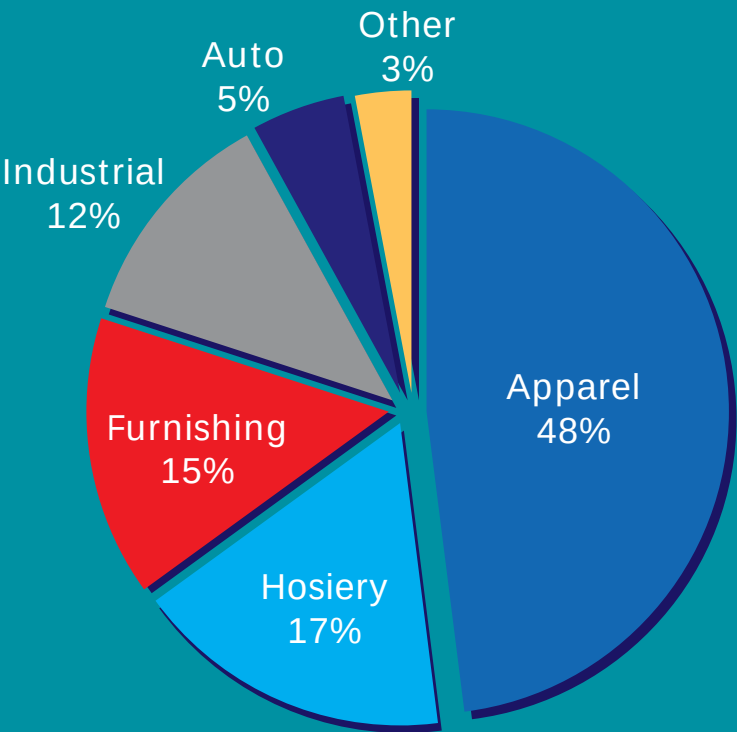
Sarlaflex will supply compliant yarn; Creating edge over Asian peers and also large scope to grow. Currently, of all the yarn consumed in the US, 62% comes from compliant market i.e. from the US, NAFTA and CAFTA areas whereas the balance comes from Non compliant market. With its direct entry, Sarla Flex will now be a part of the compliant market and will be eligible for supply to the countries within these markets.

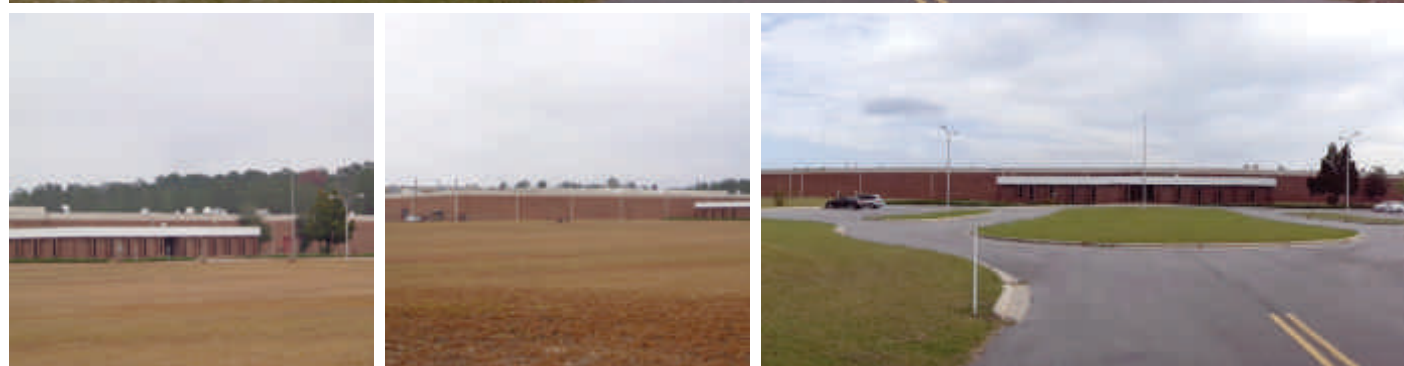


U.S. SALES BY ORIGIN REQUIREMENT



Sarlaflex will supply yarn to the Apparel/Hosiery industry to begin with. Apparel and Hosiery together account for 65% of the total demand for synthetic yarn in the US. It will supply to several existing clients within the textile hub of North and South Carolina apart from the large textile manufacturing areas in Central and South America. Over time, Sarla Flex will also be able to target the industrial, furnishings and automobile upholstery market.





SARLA
201106-00021019
SARLA
GROSS WEIGHT - 80
NET WEIGHT - 80
SIZE - 3 - 11 - 10



FIRST CONTAINER



FOOTING COMPLETED



FIRST STEEL BEING PLACED



STEEL ERECTION NEAR COMPLETION

TEXTURING



FIRST MACHINE PLACEMENT



ERECTION OF DD MACHINE



ERECTION IN PROGRESS



DD MACHINE COMMISSIONED

COMMISSIONING OF SARLAFLEX, USA PLANT AT WALTERBORO, SOUTH CAROLINA

TEXTURING



ANOTHER AUTODOFF MACHINE
BEING ERECTED



COMMISSIONING OF AUTODOFF



3RD AUTODOFF ERECTION



POSITIONING NEXT MACHINE



TWISTING



PLACEMENT OF FIRST TWISTER



TWISTERS UNDER ERECTION



TWISTER NEARING COMPLETION



FINISHED CONE TWISTER COMMISSIONING



DYE TUBE MACHINES IN PRODUCTION



CONTINUED ERECTION OF TWISTING MACHINES

DELIVERING VALUE OVER A DECADE

(Rs. in Crores)

2002

Expanded product portfolio to sewing thread from commodity polyester yarns.

2004

Established 2nd manufacturing unit in Silvassa.

2006

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

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

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

2007

- Created Sarla Overseas Holdings Limited (SOHL), a wholly owned subsidiary as a separate investment arm for the company.

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

- Expanded production capacities in Silvassa.

PROFIT & LOSS AND BALANCE SHEET	2002 03	2003 03	2004 03	2005 03	2006 03
Equity Paid Up	6.95	6.95	6.95	6.95	6.95
Networth	16.25	20.53	25.78	33.92	42.93
Capital Employed	27.16	29.41	36.79	50.84	61.52
Gross Block	16.33	18.65	33.69	39.91	43.66
Net Working Capital (Incl. Def. Tax)	13.94	14.18	8.06	14.84	24.66
Net Sales	29.59	48.43	55.22	70.28	86.09
Profit before Interest, Depreciation, Tax	3.58	7.94	10.87	16.07	18.42
Profit after Tax	1.06	4.33	7.10	10.02	11.32
Book Value (Rs./Share)	23.38	29.54	37.09	48.81	61.77
Market Capitalisation	4.87	6.29	11.33	43.79	89.59
Earning Per Share	1.53	6.23	9.91	14.09	15.87
Dividend (%)	0.00	0.00	24.00	24.00	30.00
Payout	0.00	0.00	1.67	1.67	2.09
Payout (%)	0.00	0.00	24.24	17.06	18.95

KEY RATIOS	2002 03	2003 03	2004 03	2005 03	2006 03
Debt-Equity Ratio	0.71	0.54	0.43	0.47	0.46
Long Term Debt-Equity Ratio	0.17	0.11	0.05	0.05	0.03
Current Ratio	1.42	1.37	1.08	0.98	1.07
Turnover Ratios					
Fixed Assets Ratio	1.83	2.78	2.26	1.98	2.12
Inventory Ratio	5.45	8.61	7.60	7.35	7.06
Debtors Ratio	2.82	4.79	4.96	4.99	4.47
Interest Cover Ratio	2.27	6.15	9.55	11.32	9.54
PBIDTM (%)	13.32	16.32	18.40	22.01	20.80
PBITM (%)	10.81	13.90	16.17	18.77	17.87
PBDTM (%)	8.55	14.06	16.71	20.36	18.92
ROCE (%)	11.17	23.97	28.90	31.28	28.18
RONW (%)	7.84	23.55	30.66	33.57	29.46
Debtors Velocity (Days)	57.00	55.00	57.00	59.00	63.00
Creditors Velocity (Days)	34.00	34.00	36.00	52.00	49.00

Actions speak louder than words. Last decade is one of action for us.
Achievements of last decade are humbling and install more responsibility on us to deliver.

2007 03	2008 03	2009 03	2010 03	2011 03	2012 03	2013 03
6.95	6.95	6.95	6.95	6.95	6.95	6.95
51.34	63.84	74.47	89.17	108.24	124.41	146.48
80.7	106.37	113.44	126.10	155.84	192.63	258.22
48.55	69.91	76.85	90.83	113.11	125.07	153.23
38.81	51.89	60.13	62.82	77.54	97.99	113.86
98.51	122.33	135.59	155.33	193.02	233.6	258.69
20.00	24.57	24.89	29.57	35.95	34.52	47.61
11.38	15.22	12.72	16.91	22.53	18.90	27.98
73.87	91.85	107.15	128.30	155.73	178.99	210.75
81.45	94.52	23.87	61.92	78.54	69.29	100.78
15.96	21.89	18.30	24.34	32.42	27.22	40.25
30.00	35.00	35.00	35.00	45.00	50.00	60.00
2.09	2.43	2.43	2.43	3.13	3.48	41.70
18.85	15.98	19.12	14.38	13.88	18.40	14.90

24% 10 year sales CAGR
26% 10 year EBIDTA CAGR
27% 10 year net profit CAGR
22% 10 year book value CAGR
32% 10 year MCAP CAGR

2009
Established a joint venture in Portugal, Sarla Europe LDA,.

2010
Installed first windmill in Gujarat.

2011
• Started joint venture operations in Turkey.
• Installed windmills in Satara, Maharashtra. Total wind power generation capacity of 3.25 MW.

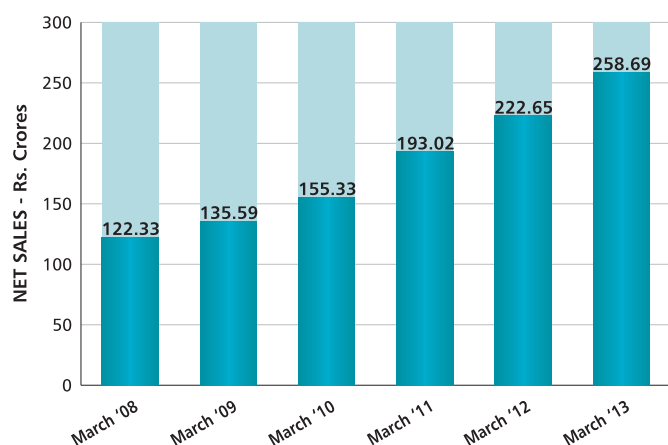
2012
2 more windmills of 2 MW each started operations in September 2012.

2013
Directly entered American POY market through setting up wholly owned subsidiary Sarlalex Inc. at South Carolina.

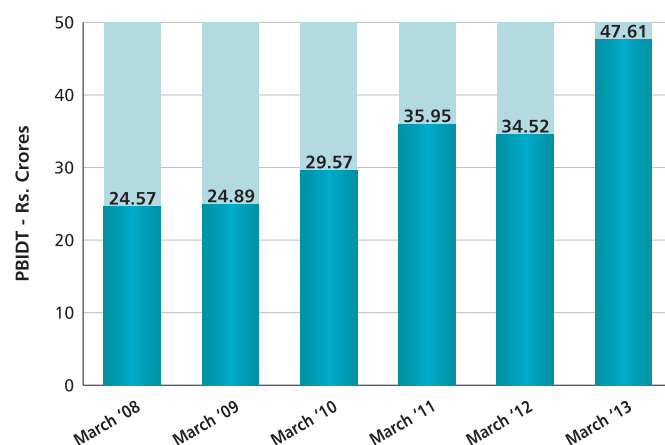
2007 03	2008 03	2009 03	2010 03	2011 03	2012 03	2013 03
0.51	0.67	0.52	0.42	0.44	0.55	0.76
0.00	0.01	0.02	0.05	0.11	0.11	0.28
1.15	1.22	1.42	1.55	1.73	1.56	1.53
2.20	2.07	1.85	1.85	1.89	1.96	1.86
6.54	5.09	4.64	5.22	4.41	4.31	4.47
4.23	3.43	4.92	3.59	3.79	3.70	4.43
7.58	10.36	6.52	10.07	15.43	8.90	8.06
19.76	17.68	15.47	16.01	16.09	14.77	18.40
16.85	14.03	11.60	12.43	12.66	11.33	15.22
17.53	16.10	13.25	14.47	15.10	13.50	16.72
23.99	22.18	18.41	20.47	21.21	15.72	17.75
24.14	26.43	18.39	20.67	22.83	16.25	20.96
70.00	105.00	100.00	98.00	92.00	99.00	80.00
57.00	49.00	44.00	49.00	52.00	78.00	40.00

PERFORMANCE AT A GLANCE

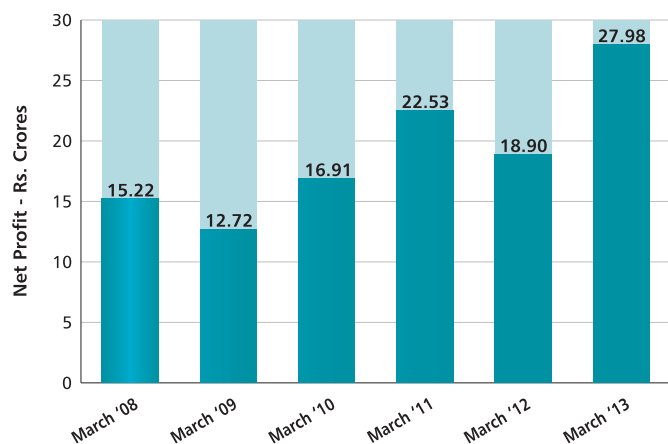
SALES



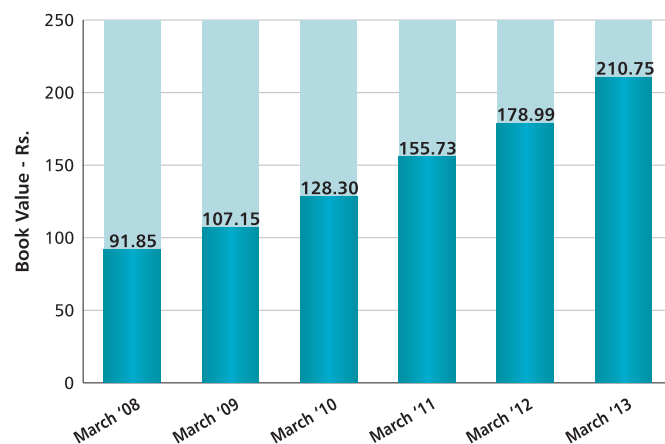
EBIDTA



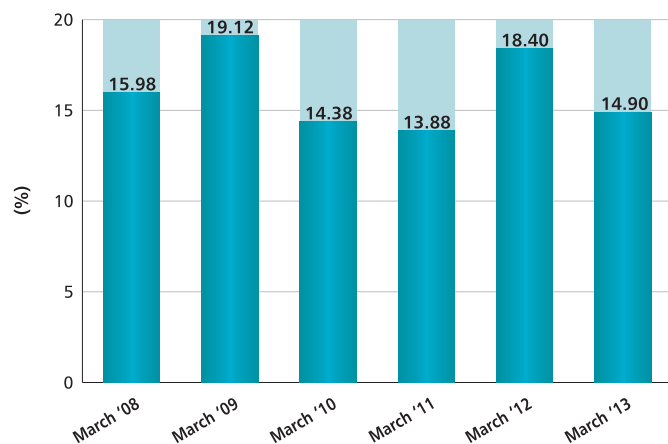
NET PROFIT



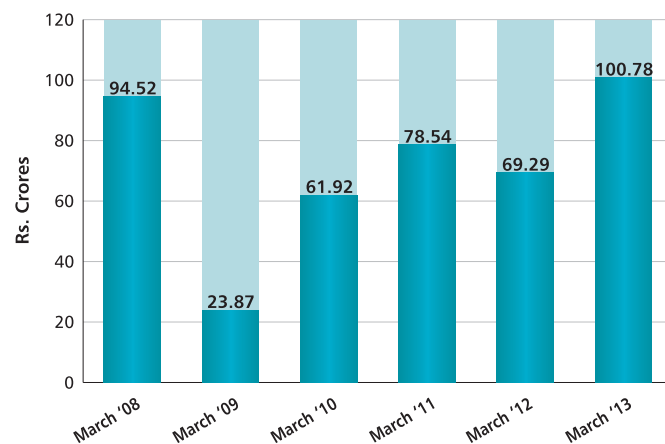
BOOK VALUE



DIVIDEND PAYOUT (%)



MARKET CAPITALISATION



From The Desk of
MANAGING DIRECTOR

Dear Shareholders,

It is a matter of great satisfaction as I write to you this time. This year gone by is the best in the history of your company with our consolidated revenue touching an all time high of Rs260 crores (+ 16%) and net profit of Rs28 crores (+47%).

I am quite excited to share some other positive developments which will propel us to a new level in the coming years. It is never easy for small, home grown companies to adapt to build a presence in the global market but we are quite proud to say that we have been able to overcome some of these challenges. Last year, we took a bold step to fulfil a long cherished dream - to build a POY plant to directly cater to our clients in the North, South and Central America markets.

This plant will give us access to some of the biggest apparel, hosiery, thread and speciality textile companies in the American market.

Direct entry into the American market was a natural progression for us. We now have an edge over Asian yarn companies exporting to USA and other American markets. This is because we are focusing on import substitution and hence are not subject to export duty. We are closer to customers and will provide them with a shorter lead time and undertake customization more rapidly. Our cost of manufacturing will still remain competitive because of automation and low cost of energy despite high labour cost. Moreover, we will also get benefit of relatively higher per unit price of yarn in the American market vs the Asian market.

Unlike the common perception of saturation in the American market, we find a lot of opportunities. Our initial capacity of 30 tons per day, can be sold to local customers by gaining a little share from the existing local suppliers and imports over and above the incremental demand.

Last year, our theme was 'change the way we change'. We have worked on it and will continue to be dynamic. This year our theme is 'Dream, Believe, Create' as we embark on the most challenging project in the company's history, treading into the American market.



In another landmark development, we recently commissioned our pilot capacity for nylon 66 yarn at our Silvassa plant. It is a rare capability especially in this part of the world. When fully stabilized, this product will give us better margin than any other product in our portfolio.

We expect the current year to be one of moderate growth as compared to a very sharp increase last year. This is because; our investment in the American subsidiary will be fully capitalized and will increase operating expenditure, interest and depreciation. However, it will provide us with a strong growth engine for FY15 and FY16 as the American facility operates at high utilization and our product is accepted across the American markets.

We need your best wishes as we embark on our most ambitious journey so far. Hopefully, we will jointly reap rich dividends from this new growth initiative. I wish to thank all the stakeholders and most specifically our team at Sarla India and America for their spirited contribution and untiring zeal.

Sincerely,

KRISHNAKUMAR JHUNJHUNWALA
(MD and CEO)

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their Twentieth Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the year ended 31st March, 2013.

"Obstacles are those frightful things you see when you take your eyes off your goal."

- Henry Ford

1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2012-13	2011-12
Total Income	24,142.12	18,349.98
Profit before Financial Charges and Depreciation	3,885.34	2,523.52
Less: Financial Charges	<u>431.08</u>	<u>269.69</u>
Depreciation	<u>802.72</u>	<u>704.15</u>
Profit before Tax	2,651.54	1,549.68
Less: Provision for Tax	446.82	265.23
Provision for Deferred Tax	277.09	200.25
Provision for Wealth Tax		
Profit after Tax	1,928.02	1,084.20
Prior period Adjustments		—
Balance brought forward	4,796.18	4,407.56
Short Provision of Income Tax of earlier years	(19.59)	(8.32)
Surplus available for appropriation	6,743.79	5,500.08
APPROPRIATION		
Transfer to the General Reserve	300.00	300.00
Dividend @ 60% (P.Y. 50%)	417.02	347.52
Dividend Tax	67.65	56.38
Balance carried forwarded to the Balance Sheet	5,959.12	4,796.18

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. 23,353.98 Lacs as against Rs. 18,205.72 Lacs in 2011-12 registering an annual growth of 28.28%. The FOB value of exports increased 32% from Rs. 10,398.97 Lacs to Rs 13,727.56 Lacs.

PROFITABILITY

The profit before Depreciation, Interest & Tax was Rs. 3,885.34 Lacs as compared to Rs. 2,523.52 Lacs in the previous year. After providing for depreciation of Rs. 802.72 Lacs (Previous Year Rs. 704.15 Lacs) & provision for taxation of Rs. 723.91 Lacs (Previous Year Rs. 465.48 Lacs), there was a net profit of Rs. 1,928.02 Lacs as compared to Rs. 1,084.20 Lacs in the Previous Year.

DIVIDEND

Your Directors have pleasure in recommending dividend @ 60% for the year ended 31st March 2013.

3. MANAGEMENT DISCUSSION & ANALYSIS

This section of the Directors' Report has been included in adherence

to the spirit enunciated in the Code of Corporate Governance approved by the Securities and Exchange Board of India. 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

DIRECTORS' REPORT

or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events, or otherwise.

A. Business Overview

■ **Economy:** The Indian economy's growth rate of 5% for FY13 was its worst in the past decade. This is due to an aggregate of factors including slow pace of reforms, high interest rates and inflation, infrastructure bottlenecks and bureaucratic hurdles. The CAPEX cycle has bottomed out but the corporate sector is in no mood to resume its spending. With general elections approaching the current year too may not be too different from the year gone by. As regards the global economy, China which was the growth engine driving world economy is now slowing down. Its growth rate is down to 7% from 9-10% p.a. earlier. A further slowdown in its growth is expected. Europe continues to be under a double dip recession and the other emerging markets such as Brazil, Russia etc are growing at slow rate as the golden era of commodity boom is witnessing a slowdown. The US economy is showing some signs of improvement and is expected to improve further in the coming months. Property prices, jobs and manufacturing are on the improvement in the US economy.

■ **Business Overview:** Sarla Performance Fibers Limited (SPFL), is a leading exporter of Regular as well as High Tenacity Polyester and Nylon Yarns. It started operations 19 years ago as a commodity

manufacturer of Man Made Fiber but transformed into a high value added yarn maker in the past decade. It has an installed capacity of 11,900 tons per annum for manufacturing yarns in Silvassa and 3200 tons per annum for a Dyeing unit at Vapi. SPFL is at an advanced stage of launching its yarns in the US market through its 100% subsidiary Sarlalex Inc., which will start operations this year by setting up a 30 tons per day POY plant in Walterboro, South Carolina in the US. The company's emphasis has been to focus on niche end user applications, higher value added yarns to leading global apparel brands and companies. The company exports to over 50 countries.

SPFL also owns 7.25 MW of wind turbines in Gujarat and Maharashtra. Our plant load factor for the fiscal year 2013 ranged between 23% and 25%. Apart from enjoying better selling price of power, we also benefitted from the sale of renewable energy certificates.

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

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

Turnover Break Up (Customer Segment-wise)

Segment	FY 2012-13 (% of Total Sales)	FY 2011-12 (% of Total Sales)
Innerwear, Narrow Fabrics, Hosiery and Sportswear	38.33	43.51
Threads	29.81	20.93
Industrial Yarns	17.31	13.30
Commodities	14.55	22.26
	100.00	100.00

Turnover Break Up (Geographical)

Region	FY 2012-13 (% of Total Sales)	FY 2011-12 (% of Total Sales)
South, North & Central America	33.89	31.10
Middle East & Europe	30.48	51.82
Africa	7.47	4.80
Asia Pacific	28.16	12.28
	100.00	100.00

In all, we export to over 50 countries and to 111 customers. Our customer concentration is well distributed and no single customer exceeds more than 21% of our revenue.

B. Opportunities and Threats:

The textile sector exports (including ready made garments) amounted to approximately Rs1.5 tn. in FY13, slightly negative as compared to that in FY12. Textile exports now form 10% of India's total exports.

The textile exports registered negative growth despite the depreciation in INR vs the USD last year. The exports of man made fiber fell as compared to the previous year. This indicates that the

cost of production of Indian companies is not competitive and that the poor infrastructure, high cost of power and fuel and low labour productivity is hampering India's export growth in the textile sector.

We have been noticing this pressure on Indian textile units for quite some time now and that prompted us to set up a direct presence in the US. Our experience of setting up the POY unit in the US has been quite smooth so far. We managed to acquire land and building, secure local approvals and hire staff etc within a period of last 9 months.

DIRECTORS' REPORT

Apart from our exports of yarn on worldwide basis, the new unit in US will enable us to cater to the 'compliant' yarn market. There is a growing preference for sourcing readymade garment and yarn for consumption in the US from the US, NAFTA and CAFTA area. A direct presence in the US puts us in a better position to capitalize on this opportunity. Currently, one local producer supplies almost 50% of the total demand for POY and DTY in the US, leaving room for new supplier like us. We also have a strong opportunity for growth in the nylon yarn segment with nylon 66 production starting this year.

As regards, our wind power business, though there is an attractive return on investment, we may not have urgency to expand. While many of the state power utilities are under duress, we deal with the Gujarat and Maharashtra electricity utilities and some large private companies which are in good health so far and we do not face any major issues on our collections etc.

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

- 1) increased capacity in India and US locations and
- 2) a 12% depreciation in INR vs the USD improving our competitiveness.

While we remain optimistic about future growth, the revenue increase of 16% and earnings increase of 47% in FY13 were exceptional. We expect margin to remain flat for at consolidated level in FY14, due to increase in operating expenditure, interest cost and depreciation on account of the new facility at US. The full reflection of the US plant will be felt in FY15 and FY16.

D. Financial Performance:

Turnover: The company turnover grew by 28% per cent in FY 12-13 (excluding trading sales). This increase can be attributed to 21% volume and 7% price growth.

(Rs. in Lacs)

Item	2012-13	2011-12	% Increase
Raw Material Cost	12,758.35	10,888.71	17.17%
Expenditure	7,103.66	5,691.36	24.81%
EBIDTA	3,885.34	2,523.52	53.97%
Interest Cost and Debt	431.08	269.69	59.84%
Fixed Assets (Gross Block)	14,146.03	11,335.81	24.79%
Net Current Assets	2,576.36	2,645.70	-2.62%
Working Capital Finance	6,747.12	5,249.70	28.52%
Cash & Bank Balances	2,066.99	1,137.85	81.66%

Note : standalone performance comparison, Rupees in lacs.

Raw Material Cost: The increase in raw material cost relative to increase in sales was modest. Our total raw material cost increased by 15% last year. As a percentage of total cost it decreased to 50% from 56% in FY12.

Other expenditure: The other expenditure consists of Rs. 6,609.54 Lacs and it rose sharply due to increase in sales volume.

Interest Cost: The interest cost increased due to increase of long term borrowings.

Fixed Assets: The fixed assets increase was done towards 2 new wind mills & addition in plant & machinery.

Short and long term borrowings: The short term borrowings increased mainly to fund increased working capital requirement. The long term borrowings were used for financing wind mills.

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

from imports. For our RM sources we have multiple suppliers. Last year, the price of our major RM POY ranged between Rs 90 and 95 per kg and that of Nylon yarn ranged between Rs 215 and 230 per kg.

Interest Rates: The company's average gross interest cost in the last year was below 6 % as compared to 7% in the previous year. The company's present Debt equity Ratio is 0.97. The long term Debt equity Ratio is 0.26. Interest costs as a 2% of total revenue. We expect to benefit from the policy of the Reserve Bank of India of lowering the interest rates.

Exchange Rate: 61% per cent of company revenue is in foreign currency (Dollar, Euro & GBP) and balance is in INR. Also, we import 35% per cent of turnover (72% of total raw material purchases) creating a natural hedge to that extent. Apart from this, from time to time forward cover is taken to hedge exposure in foreign currency. For FY13, our average forward cover was for 3 months of our revenue. We realized INR 53.14 for 1 USD for FY13, 12% over FY12. Our mark-to-market FX gain for FY13 is Rs 38.93lacs.

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

E. Risk and Concerns

Raw material sourcing: We source 49% of our RM requirements (nylon and polyester chips/fiber) from India and 51 %

DIRECTORS' REPORT



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

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

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

H. Capital Expansion and Investment:

a. Last year, we incurred a CAPEX of Rs 2,810.22 Lac. For fiscal 2014 we envisage CAPEX of Rs 1100.00 for Nylon 66 Plant.

I. Value Added Statement

Particulars	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10	FY 2008-09
Income from Production/Operations	23,668.86	18,979.62	16,362.51	13,058.64	12,455.81
Add : Other Income	78.50	144.26	124.84	83.50	20.63
Corporate Output	23,747.36	19,123.88	16,487.35	13,142.14	12,476.44
Less :Cost of Raw Materials Consumed	11,584.96	10,118.67	8,846.55	5,843.62	6,533.40
Less : Cost of Traded Goods	1,173.39	770.05	345.01	1,008.90	145.15
Less : Other Manufacturing Expenses	4,066.11	3,588.94	3,181.94	2,586.20	2,479.36
Less : Administrative & Other Expenses	2,543.43	1,705.23	1,321.45	1,109.35	1,093.37
Equals Gross Value Added	4,379.47	2,940.99	2,792.39	2,594.08	2,225.16
Less : Depreciation & Amortisation	802.72	704.15	586.46	512.52	476.15
Less : Extra Ordinary/Prior Period Items	-	—	—	5.62	12.22
Equals Net Value Added	3,576.75	2,236.84	2,205.94	2,075.94	1,736.78
Allocation of Net Value Added					
To Personnel	494.13	417.46	291.24	248.46	213.12
To Taxes(including tax on proposed dividend.)	791.17	521.86	489.38	510.65	432.68
To Creditors (via interest)	431.08	269.69	184.66	234.43	299.91
To Investors (via dividend)	417.02	347.52	364.71	243.26	243.26
To The Company (via retained earnings)	1,443.35	680.30	875.95	839.15	547.81
	3,576.75	2,236.83	2,205.94	2,075.94	1,736.78

in to consideration while preparing the Consolidated Financial results for the year 2012-13. Therefore figures of current year are not comparable with previous year. All these accounts are considered herein in Indian Currencies.

Sarla Overseas Holdings Limited has made a total turnover of Rs. 3,613.18 Lacs and earned a net profit of Rs. 847.73 Lacs.

Sarla Europe Lda

Sarla Europe Lda, a subsidiary of Sarla Overseas Holdings Limited has made a total turnover of Rs. 248.28 Lacs and Incurred a net loss

4. SUBSIDIARY COMPANIES AND JOINT VENTURES

Sarlaflex, Inc

Sarlaflex, Inc a 100% wholly owned subsidiary of the Company registered at South Carolina of United States of America during the year 2012-13.

Sarla Overseas Holdings Limited

Sarla Overseas Holdings Limited (SOHL), 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 Holding 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, S.A. De C.V., 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 S.A. De C.V., based at Honduras, Central America. The company SOHL has commercial disputes with its JV partners Savitex S.A. De C.V. & MRK S.A. De C.V., resulting into the matter being referred to the appropriate judicial authority in Honduras. The matter being subjudice, the financial performance of both the JVs are not taken (Rs. in Lacs)

of Rs. 43.18 Lacs. In Sarla Europe Lda, Portugal, Sarla Overseas Holdings Limited is holding 60% of its share capital.

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. 1258.28 Lacs and earned a net profit of Rs. 61.65 Lacs. In Sarla Tekstil Filament Sanayi Ve Tic, Turkey, Sarla Overseas Holdings Limited is holding 45% of its share capital.

DIRECTORS' REPORT

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 Sarla Tekstil Filament Sanayi, is Rs. 4,328.38 Lacs and Rs. 850.20 Lacs respectively.

The Consolidated Income from Operations and consolidated net Profit of Sarla Performance Fibers Limited including its subsidiary of M/s Sarla Overseas Holding Limited, its share of profit in Joint Venture in Sarla Tekstil and and the Share of profit in Sarla Europe, a subsidiary of Sarla Overseas Holdings Limited, were Rs. 25,869.46 Lacs and Rs. 2,651.54 Lacs p.a.

5. FIXED DEPOSIT:

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

6. 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.

7. AUDITORS & AUDITORS' REPORT:

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.

8. 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 this Report.

9. 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 Note 26 of Notes on Financial Statements accompanying Accounts.

II. Directors have selected the Accounting Policies as given in Note 26 of Notes on Financial Statements 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, 2013 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, 2013 on a Going Concern basis.

10. 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. 2,797.81 Lacs.

11. SUBSIDIARY

As required under the provisions of Section 212 of the Companies Act, 1956, the statement giving the details under Section 212 are given for Sarlaflex, Inc & Sarla Overseas Holdings Limited, The wholly owned subsidiaries 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 Sec. 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, 2013 is included in the Annual Report under Annexures to Directors' 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.

12. 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

DIRECTORS' REPORT



to Energy Conversation, 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.

(Rs. in Lacs)

		Current Year 2012-13	Previous Year 2011-12
A. Electricity			
a) Purchased			
Unit		24885248	22713666
Total Amount (Rs.)		108504134	96439553
Rate/Unit (Rs.)		4.36	4.35
b) Own Generation			
1) Through diesel generator		1731180	871706
Unit per ltr. Of diesel oil		3.40	3.41
Cost/Unit (Rs.)		16.18	10.80
2) Through steam turbine generator		—	—
B. Coal			
For Boiler - Kgs.		1471299	—
Total Amount (Rs.)		7687025	—
Cost/Kgs. (Rs.)		5.22	—
C. Furnace Oil			
For Generating steam for Boiler - Ltr.		—	126000
Total Amount (Rs.)		—	4543753
Cost/Ltr. (Rs.)		—	36.06
D. Diesel			
For Generating steam for Boiler - Ltrs.		—	—
Total Amount (Rs.)		—	—
Cost/Ltr. (Rs.)		—	—
E. Gas			
For Generating steam for Boiler - SCM		158831	627511
Total Amount (Rs.)		4576198	16564327
Cost/SCM (Rs.)		28.81	26.40
F. Others/Internal generation			
G. Consumption per unit of production			
	Standard (if any)	Current Year 20112-13	Previous Year 2011-12
Product - Yarns (M.T.)	—	12,806	11,165
Electricity - Units	—	2526	2,034
Coal - Kgs.		17	—
Furnace Oil - Ltrs.	—	—	198
Gas-SCM		192	194
Coal (Specify quality)	—	—	—
Others (Specify)	—	—	—

'Shoot for the moon. Even if you miss, you will land among the stars.'

DIRECTORS' REPORT

FORM 'B'

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

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

C) Export Plans & Foreign Exchange earnings and outgo:

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

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

FOREIGN EXCHANGE EARNED
(Rs. in Lacs)
Rs.13,727.56

FOREIGN EXCHANGE USED
(Rs. in Lacs)
Rs. 8,430.95

Place: Mumbai.
Date : 29th May, 2013

13. 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., DBS Bank, Standard Chartered Bank and IndusInd 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

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, 2013.

S. No.	Particulars	Company		
1	Name of the Subsidiary	Sarlaflex Inc.	Sarla Overseas Holdings Ltd.	Sarla Europe Lda (subsidiary of Sarla Overseas Holdings Ltd)
2	Holding Company's Interest	100200 Shares	435000 Shares	3 Shares (Held by SOHL)
3	Extent of Holding	100%	100%	60%
4	Subsidiary Financial Year	31st March, 2013	31st March, 2013	31st March, 2013
5	Reporting Currency	USD	USD	EURO
6	Exchange Rate as on 31-03-2013	54.34	54.34	69.82
7	Share Capital (Rs. in Lacs)	54.91	196.99	3.31
8	Reserves & Surplus (Rs. in Lacs)	- 0.47	2602.24	-110.54
9	Total Assets (Rs. in Lacs)	2534.03	3346.09	265.70
10	Total Liabilities (Excl. 7&8) (Rs. in Lacs)	2479.59	540.87	376.24
11	Investments (Other than in Subsidiary) (Rs. in Lacs)	NIL	NIL	NIL
12	Sales (Including Other Income) (Rs. in Lacs)	NIL	3613.18	252.19
13	Profit before taxation (Rs. in Lacs)	NIL	847.72	-39.79
14	Provision for Taxation (Rs. in Lacs)	NIL	NIL	- 3.39
15	Profit After Taxation (Rs. in Lacs)	NIL	847.72	-43.18
16	Proposed Dividend (including dividend tax, if any) (Rs. in Lacs)	NIL	401.84	NIL

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

S. No.	Particulars	Company		
1	Name of the Subsidiary	Sarlaflex Inc.	Sarla Overseas Holdings Limited	Sarla Europe Lda (subsidiary of Sarla Overseas Holdings Ltd)
2	Holding Company's Interest	100200 Shares	435000 Shares	3 Shares
3	Extent of Holding	100%	100%	60%
4	Subsidiary Financial Year	31st March, 2013	31st March, 2013	31st March, 2013
5	Net aggregate amount of subsidiary's Profit/(Loss) not dealt within the Holding Company's accounts:			
	i) For the Financial Year of the Subsidiary (Rs. in lacs)	—	847.73	(43.98)
	ii) For the previous financial years of the subsidiaries since they become the holding company's subsidiaries (Rs. in lacs)	—	1710.85	(25.27)
6	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)	—	—	—
	ii) For the previous financial years of the subsidiaries since they become the holding company's subsidiaries (Rs. in lacs)	—	—	—

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Mumbai.
Date : 29th May, 2013

MADHUSUDAN S. JHUNJHUNWALA
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director

MAHENDRA SHETH
Company Secretary

CERTIFICATE OF THE AUDITORS IN RESPECT OF COMPLIANCE OF CORPORATE GOVERNANCE

To the Members of
SARLA PERFORMANCE FIBERS LIMITED

We have examined the compliance of conditions of corporate governance by Sarla Performance Fibers Limited 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.

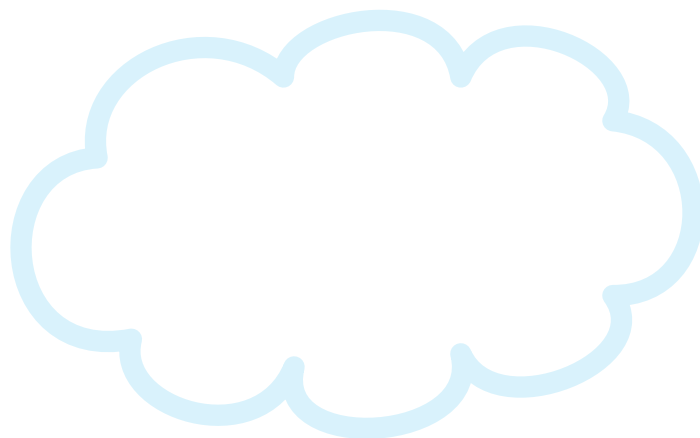
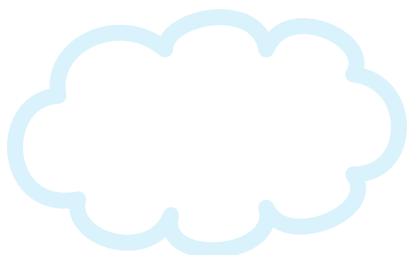
In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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
Registration Number - 110560W

Place: Mumbai.
Date : 29th May, 2013

H. P. KANODIA
Partner
Membership No. 40617



CORPORATE GOVERNANCE REPORT



INTRODUCTION

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

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

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

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, 2013 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 2012-13		Attendance at the Last AGM	No. of Directorship In other Public Companies Incorporated	Committee positions held in other Public Companies
		Board Meetings held	Board Meetings Attended			
Mr. Madhusudan S. Jhunjunwala	Chairman - Executive - Promoter	6	6	Yes	—	—
Mr. Krishnakumar M. Jhunjunwala	Managing Director - Promoter	6	6	No	—	—
Mr. Arun Vaid	Director Non-Executive Independent	6	5	Yes	—	—
Mr. Jigar A. Shah	Director Non-Executive Independent	6	5	No	—	—
Mr. Anil Kumar Jain	Director Non-Executive Independent	6	5	No	3	6

During the year under review, 6 Board Meetings were held on 29th May, 2012, 06th August, 2012, 03rd November, 2012, 05th February, 2013, 25th February 2013 & 7th March 2013.

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.

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 29th May, 2012, 06th August, 2012, 03rd November, 2012 & 05th February, 2013. The composition of the committee and attendance at its meetings is given below :

CORPORATE GOVERNANCE REPORT

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. Jigar A. Shah - Member	Non-Executive	4	3

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 & REMUNERATION TO DIRECTORS

Remuneration Committee of Board of Directors is consists of Mr. Arun Vaid, Mr. Jigar A. Shah and Mr. Anil Kumar Jain, Independent Directors as members of the Committee. During the year no meeting of Remuneration Committee was held because there was no matter took place which required consideration by Remuneration Committee during the year.

The details of sitting fees paid to the Directors during the year 2012-2013 are given below:-

Name of Directors	Sitting Fees (Rs.)
Mr. Arun Vaid	25,000/-
Mr. Jigar A. Shah	25,000/-
Mr. Anil Kumar Jain	25,000/-

Company has paid a remuneration of Rs. 54,00,000.00 to Mr. Krishnakumar M. Jhunjhunwala, Managing Director and Rs. 40,00,000.00 to Mr. Madhusudan S. Jhunjhunwala, Chairman & Whole Time Director of the Company during the financial year 2012-2013.

7. GENERAL BODY MEETING - Location and time of last 3 Annual General Meetings:

AGM for the Financial Year	Date	Time	Venue
2009-2010	25th September, 2010	11.30 a.m.	Registered Office of the Company: Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa - 396 230 U.T. OF D. & N. HAVELI.
2010-2011	29th September, 2011	11.30 a.m.	
2011-2012	20th September, 2012	11.30 a.m.	

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

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 and Mr. Anil Kumar Jain.

During the year one meeting of Investors' Grievances Committee was held on 05th February, 2013.

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

Sarla Performance Fibers Limited,
304, Arcadia, 195 Nariman Point, MUMBAI - 400 021

Tel: 2283 4116/4420 Fax: 2285 1728
E-mail: msheth@sarlafibers.com
Website: www.sarlafibers.com

During the year, 5 complaints were received from the shareholders and all have been resolved. However, we have also received letters for re-validation of Dividend Warrants, Non-Receipt of Dividend Warrants etc. and the same have been attended within the stipulated time.

CORPORATE GOVERNANCE REPORT

8. DISCLOSURES

■ Disclosure on materially significant related party transactions. Please refer Note no. 42 of note on financial statement. 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 29th May, 2013 to approve the Audited Annual Accounts for the year ended March 31, 2013.

■ 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 except one Independent Director.

B. As the financial Results of the Company are published in the leading Newspapers, Company is not sending half-yearly financial

results to each Shareholder of the Company.

C. During the financial year 2012-2013 there is no Audit qualification in the Company's financial Statements.

D. The Company has a Remuneration Committee which conforms all the requirement of Corporate 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 (Mumbai & Ahmedabad), Economic Times, In Gujarati (Ahmedabad) and Navbharat Times in Hindi (Mumbai). The results are not sent individually to the shareholders.

There were no presentations 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 2013 to 31st March 2014 The results will be published as under: First Quarter Before 14th of August, 2013 Second Quarter Before 15th of November, 2013 Third Quarter Before 15th February, 2014 Fourth Quarter/ Annual Before 30th May, 2014.
Dividend payment date	Refer notice of Annual General Meeting.
Listing on Stock Exchanges and Stock-Code	■ Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001. - Stock Code No. 526885 and ■ National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra East, MUMBAI - 400 051. - Symbol SARLAPOLY

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

"Life's problems wouldn't be called 'hurdles' if there wasn't a way to get over them."

CORPORATE GOVERNANCE REPORT

11. MARKET PRICE DATA

Monthly high/low during the year 2012-2013 on the Bombay Stock Exchange and National Stock Exchange:

AGM for the Financial Year	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2012	109.90	90.50	96.00	96.00
May 2012	107.00	90.35	108.80	81.00
June 2012	115.00	99.05	116.00	96.05
July 2012	128.10	101.80	121.00	97.05
August 2012	125.00	102.10	133.05	100.00
September 2012	141.00	105.00	124.00	110.00
October 2012	175.00	112.00	141.70	105.00
November 2012	175.00	140.00	174.90	141.05
December 2012	180.00	163.00	178.40	156.20
January 2013	178.00	152.00	178.40	155.00
February 2013	184.90	155.15	184.90	156.80
March 2013	170.00	145.00	174.40	136.05

Chart of Company Share Prices compared to BSE Sensex.

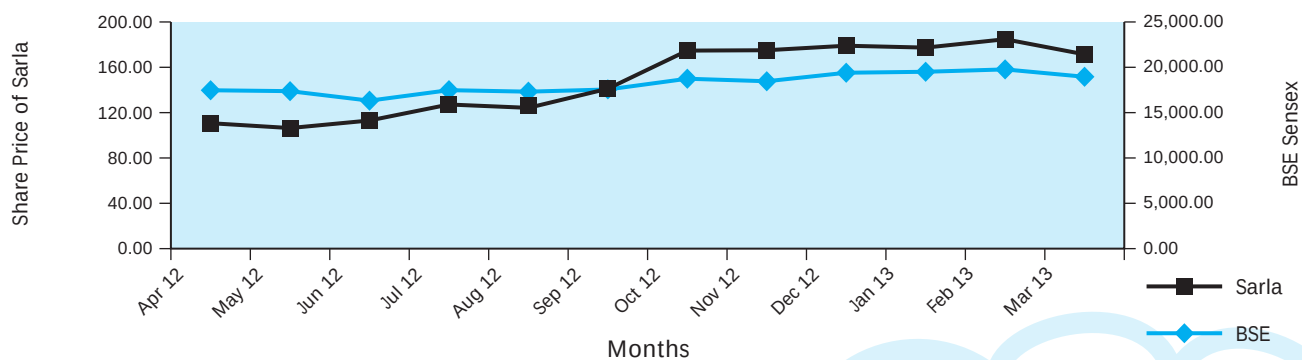
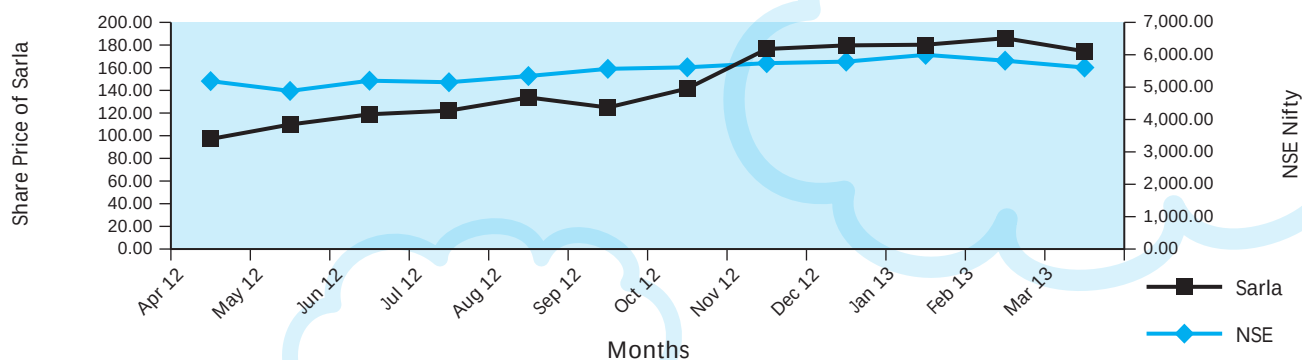


Chart of Company Share Prices compared to NSE Nifty Index.



CORPORATE GOVERNANCE REPORT

12. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2013

Shares of Nominal Value (Rs.)		Shareholders		Total Amount (Rs.)	
From	To	Number	% to Total	Amount	% to Total
1	5,000	2,207	88.00	35,89,310.00	5.16
5,001	10,000	106	4.23	8,34,920.00	1.20
10,001	20,000	73	2.91	10,72,440.00	1.54
20,001	30,000	33	1.32	8,74,320.00	1.26
30,001	40,000	9	0.36	3,18,460.00	0.46
40,001	50,000	8	0.32	3,78,460.00	0.54
50,001	1,00,000	31	1.24	22,37,420.00	3.22
1,00,001 and above		41	1.63	6,01,97,670.00	86.61
TOTAL		2,508	100.00	69,503,000.00	100.00

13. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2013

Category	No. of shares	%
Promoters	45,27,612	65.143
Mutual Funds & UTI	2,000	0.029
Fins / Banks	50	0.001
Venture Capital Funds	4,000	0.058
FII(S)	1,500	0.022
Private Corporate Bodies	3,99,953	5.754
Indian Public	18,60,592	26.770
NON RESIDENT INDIANS	1,54,255	2.219
Any other (Clearing Members)	338	0.005
Total	6,950,300	100.000

14. DEMATERIALISATION OF SHARES:

96.40% of the total equity capital of the Company was held in dematerialised form as on 31st March, 2013.

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 in physical form should also be lodged with the Registrar & Transfer Agent.

DECLARATION

I, Madhusudan Jhunjunwala, Chairman & Whole-Time Director of the Company, hereby declare that all the Members of the Board of Directors and Senior Management personnel of the Company have affirmed Compliance with the Code of Conduct for the year ended 31st March, 2013.

Place: Mumbai.
Date : 29th May, 2013

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.,
Unit - 1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road,
Andheri (E), Mumbai - 400 072.
Tel: 2270 2485 / 2264 1376 Fax: 2851 2885
E-mail: sharexindia@vsnl.com Website: www.sharexindia.com

For SARLA PERFORMANCE FIBERS LIMITED,

(MADHUSUDAN S. JHUNJHUNWALA)
Chairman & Whole Time Director

INDEPENDENT AUDITORS' REPORT

to the Members of Sarla Performance Fibers Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Sarla Performance Fibers Limited (the company), which comprise the balance sheet as at 31 March 2013, and the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the balance sheet, of the state of affairs of the company as at 31 March 2013.
- In the case of the statement of profit and loss, of the profit for the year ended on that date, and
- In the case of the cash flow statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

2. As required by section 227(3) of the Act, we report that:

- 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.
- In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account.
- In our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

H. P. KANODIA
Partner
Membership No. 40617

Place: Mumbai.
Date : 29th May, 2013

INDEPENDENT AUDITORS' REPORT

to the Members of Sarla Performance Fibers Limited



Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Sarla Performance Fibers Limited (the company)

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

b. All fixed assets have been physically verified by the management during the year. We are informed that the management on such verification has noticed no material discrepancies.

c. The company has not disposed of any substantial part of fixed assets during the year so as to affect its going concern.

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

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

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

iii. a. According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the company and hence not commented upon.

b. According to information and explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

v. a. According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such 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 entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

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

vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

viii. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

ix. 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 provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, 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 outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute except as follows :

Name of the statute	Nature of dues	Amount in Rupees	Period to which the amount relate	Forum where dispute is pending
The Central Excise Act, 1944	Excise duty	17,88,70,670/-	F.Y. 1999-2000 to 2011-2012	High Courts of Ahmadabad and Bombay and Supreme Court of India.
The Central Excise Act, 1944	Custom Duty	4,75,000/-	F.Y. 1999-2000, 2000-2001	CESTAT
The Income Tax Act, 1961	Income Tax	13,16,645/-	A.Y. 2003-2004	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax	4,27,467/-	A.Y. 2010-2011	Commissioner of Income Tax (Appeal)

INDEPENDENT AUDITORS' REPORT

to the Members of Sarla Performance Fibers Limited

- x. 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.
- xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. According to the information and explanations given to us and based on the documents and records produced before us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. 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 (as amended) are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- xv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, during the year covered by our audit report, the company has not issued any debentures.
- xx. 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.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

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

H. P. KANODIA
Partner
Membership No. 40617

Place: Mumbai.
Date : 29th May, 2013

"The best angle from which to approach any problem is the try-angle."

BALANCE SHEET AS AT 31ST MARCH, 2013



(Rs. in Lacs)

	Note no.	Current Year 31st March 2013	Previous Year 31st March 2012
EQUITY AND LIABILITIES:			
1) <u>SHARE HOLDERS FUNDS</u>			
Share Capital	1	695.03	695.03
Reserves & Surplus	2	9,927.57	8,464.64
		10,622.60	9,159.67
2) <u>NON-CURRENT LIABILITIES</u>			
Long-Term Borrowings	3	2,813.37	767.99
Deferred Tax Liabilities (Net)	4	1,399.73	1,122.64
		4,213.10	1,890.63
3) <u>CURRENT LIABILITIES</u>			
Short-Term Borrowings	5	6,786.04	5,249.90
Trade Payables	6	536.60	1,255.04
Other Current Liabilities	7	1,957.32	1,475.69
Short-Term Provisions	8	522.46	431.75
		9,802.42	8,412.39
TOTAL		24,638.12	19,462.68
ASSETS:			
1) <u>NON-CURRENT ASSETS</u>			
Fixed Assets			
i) Tangible Assets	9	9,432.94	7,425.44
ii) Intangible Assets	10	—	—
iii) Capital Work-in-Progress		975.25	—
Non-Current Investments	11	238.13	183.22
Long Term Loans and Advances	12	365.09	795.93
		11,011.41	8,404.59
2) Foreign Currency Monetray Item Translation Difference Account		38.93	—
3) <u>CURRENT ASSETS</u>			
Current Investments	13	281.87	146.32
Inventories	14	4553.20	3,830.48
Trade Receivables	15	5372.47	4,769.05
Cash and Cash Equivalents	16	2066.99	1,139.82
Short-term Loans and Advances	17	975.81	988.11
Other Current Assets	18	337.43	184.31
		13587.77	11,058.09
TOTAL		24,638.12	19,462.68
Significant accounting policies and Notes of financial statement	1 to 47		
Notes referred above forms integral part of the balance sheet			

As per our report of even date attached
For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman

H. P. KANODIA
Partner
Membership No. 40617
Place : Mumbai
Date : 29th May, 2013

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director

MAHENDRA SHETH
Company Secretary

Statement of Profit and Loss for the YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

	Note no.	Current Year 31st March 2013	Previous Year 31st March 2012
INCOME:			
Revenue from operations	19	24,142.12	18,739.53
Less: Excise duty		788.14	533.81
		23,353.98	18,205.72
Other income	20	78.50	123.97
		23,432.48	18,329.69
EXPENSES:			
Cost of materials consumed	21	11,584.96	10,118.67
Purchase of stock-in-trade		1,173.39	770.05
Changes in inventories of finished goods and work-in-progress	22	(314.88)	(773.90)
Employee benefit expenses	23	494.13	417.47
Finance costs	24	431.08	269.69
Depreciation and amortization expenses	9 & 10	802.72	704.15
Other expenses	25	6,609.54	5,273.88
		20,780.94	16,780.00
PROFIT BEFORE TAX		2,651.54	1,549.68
TAX EXPENSE:			
Current tax (MAT)		529.00	308.00
Less: MAT Credit		82.58	42.77
Net Current Tax		446.42	265.23
Deferred tax		277.09	200.25
Tax adjustment of earlier years		(19.59)	(8.32)
PROFIT FOR THE PERIOD		1,947.61	1,092.52
EARNING PER EQUITY SHARE:			
Basic		28.02	15.72
Diluted		28.02	15.72
Significant accounting policies and Notes of financial statement	1 to 47		
Notes referred above forms integral part of the statement of profit and loss			

As per our report of even date attached.
For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617
Place : Mumbai
Date : 29th May, 2013

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director

MAHENDRA SHETH
Company Secretary

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013



(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 1: SHARE CAPITAL		
AUTHORISED CAPITAL		
1,00,00,000 Equity Shares Of Rs. 10/- Each	1,000.00	1,000.00
ISSUED, SUBSCRIBED AND PAID UP		
69,50,300 (P.Y. 69,50,300) Equity Shares of Rs. 10/- each	695.03	695.03
TOTAL	695.03	695.03

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

During the year ended 31st March 2013, the amount of per share dividend recognised as distributions to equity shareholders was Rs. 6.00 (31st March 2012 Rs. 5.00)

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

Reconciliation of Outstanding Shares	31st March 2013 No of shares	31st March 2012 No of shares
Opening as on 1st April	69,50,300	69,50,300
Add: Issued during the year	—	—
Less: Forfeited during the year	—	—
Closing as on 31st March	69,50,300	69,50,300

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

Name of the Shareholder	No. of shares as on 31st March 2013	No. of shares as on 31st March 2012
Hindustan Cotton Company - Through its partners	2,116,479	2,116,479
Satidham Industries Private Limited	1,241,053	1,241,053
Sarladevi Jhunjhunwala	388,400	388,400
TOTAL	3,745,932	3,745,932

NOTE 2: RESERVES AND SURPLUS

CAPITAL RESERVES		
Balance as per last balance sheet	194.08	182.40
Add: Capital subsidy	0.00	11.68
	194.08	194.08
GENERAL RESERVE		
Balance as per last balance sheet	3,474.38	3,174.38
Add: Transferred from statement of profit & loss	300.00	300.00
	3,774.38	3,474.38
SURPLUS		
Balance as per last balance sheet	4,796.18	4,407.55
Add: Profit for the period	1,947.61	1,092.52
Less: Appropriations:		
Transferred to General reserve	300.00	300.00
Proposed Dividend	417.02	347.51
Tax on Dividend	67.65	56.38
Closing balance in statement of profit & loss	5,959.12	4,796.18
TOTAL	9,927.57	8,464.64

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 3: LONG TERM BORROWING		
TERM LOANS:		
SECURED LOANS - FROM BANKS		
From Standard Chartered Bank Foreign Currency Loan (Exclusive charge on wind turbine generator financed and situated at Satara & Sangli Dist. at Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat and personal guarantee of managing director) (Total loan of USD 39,00,000) (Term loan of USD 2000000 Repayable in 16 equal quarterly installment of USD 1,25,000 each till March 2016) (Term loan of USD 1900000 Repayable in 16 equal quarterly installment of USD 1,18,750 each till June 2017)	1,382.15	760.20
From DBS Bank Foreign Currency Loan (Exclusive charge on wind turbine generator financed and situated at Satara & Sangli Dist. At Maharashtra & and personal guarantee of managing director) (Term loan of USD 3000000 Repayable in 15 equal quarterly installment of USD 2,00,000 each till June 2017)	1,424.91	—
Vehicle Loan (Exclusive charge on vehicle financed)	6.30	7.79
TOTAL	2,813.37	767.99
NOTE 4: DEFERRED TAX LIABILITY (NET)		
On account of depreciation	1,399.73	1,122.64
TOTAL	1,399.73	1,122.64
NOTE 5: SHORT TERM BORROWING		
LOANS REPAYABLE ON DEMAND		
Secured Loans From Banks:		
Packing Credit Loan	4,702.61	2,754.89
Post Shipment Credit	—	30.60
Foreign Documentary Bill Purchase/Bill Discounting	944.14	1,881.67
Buyers Credit	1,139.28	582.75
(All the above working capital facilities are secured against all the current assets (present and future) of the company). (These facilities are further secured by first charge on the fixed assets of the company except the assets which are financed through term loan, on which the consortium working capital facilities lenders will have second charge, except Wind Turbine Generator and vehicles). (These facilities are further secured by personal guarantee of Managing Director.)		
TOTAL	6,786.04	5,249.90

Notes on Financial Statement for the
YEAR ENDED 31ST MARCH, 2013



(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 6: <u>TRADE PAYABLES</u>		
<u>TRADE PAYABLES</u>	536.60	1,255.04
TOTAL	536.60	1,255.04
NOTE 7: <u>OTHER CURRENT LIABILITIES</u>		
Current maturities of long-term debts	697.56	268.29
Unpaid dividend	29.48	23.55
Other Payables:		
TDS payable	7.97	11.75
Sales tax payable	76.76	62.44
Other statutory dues payable	0.96	0.95
Excise duty payable	185.69	170.00
Sundry creditors	705.24	534.01
Advance from customers	139.60	336.09
Excess cheques drawn	114.05	68.60
TOTAL	1,957.32	1,475.69
NOTE 8: <u>SHORT TERM PROVISIONS</u>		
<u>FOR EMPLOYEE BENEFITS</u>		
- Provision for gratuity (refer note 40)	27.40	18.58
- Provision for leave encashment	2.08	1.37
- Provision for bonus	6.14	5.08
- Salaries and wages payable	2.17	1.72
	37.79	26.74
<u>FOR OTHERS</u>		
Provision for dividend	417.02	347.51
Provision for tax on dividend	67.65	56.38
Provision for Fringe benefit tax (net)	—	1.10
	484.67	405.01
TOTAL	522.46	431.75

“Often, what seems an impossible climb is just a staircase without the steps drawn in.”

Notes on Financial Statement for the
YEAR ENDED 31ST MARCH, 2013

NOTE 9: TANGIBLE ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION				NET CARRYING AMOUNT	
	As on 01-04-2012	Addition/ adjustment	Deduction/ adjustment	As on 31-03-2013	Upto 31-03-2012	For the Year	Deduction	Upto 31-03-2013	As on 31-03-2013
Land	76.73	14.44	0.00	91.17	0.00	0.00	0.00	0.00	91.17
Factory Building	1,775.82	93.92	0.00	1,869.75	281.88	61.59	0.00	343.47	1,526.27
Plant and Machinery (#)	6,805.17	464.04	0.00	7,269.21	3,174.28	522.97	0.00	3,697.25	3,571.96
Electrical Installations	370.22	14.89	0.00	385.11	176.64	28.23	0.00	204.88	180.23
Office Equipment	28.47	3.81	0.00	32.28	10.43	1.51	0.00	11.94	20.34
Computers	55.97	3.82	0.00	59.79	51.73	4.56	0.00	56.29	3.50
Vehicles	119.67	23.55	0.00	143.22	38.58	12.90	0.00	51.48	91.74
Furniture & Fixture	41.67	4.19	0.00	45.86	12.38	2.79	0.00	15.17	30.68
Wind Turbine Generator (#)	1,980.16	2,183.69	0.00	4,163.85	132.01	164.33	0.00	296.34	3,867.51
Other Fixed Assets	74.40	3.86	0.00	78.26	24.90	3.83	0.00	28.74	49.49
	11,328.29	2,810.21	0.00	14,138.51	3,902.84	802.72	0.00	4,705.57	9,432.94
									7,425.44

(#) Addition is net of gain of Rs 46.27 Lacs (PY loss of Rs. 121.70 Lacs) on reinstatement of foreign currency loan taken to acquire the asset. For details refer Note 28.

NOTE 10: INTANGIBLE ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION				NET CARRYING AMOUNT	
	As on 01-04-2012	Addition/ adjustment	Deduction/ adjustment	As on 31-03-2013	Upto 31-03-2012	For the Year	Deduction	Upto 31-03-2013	As on 31-03-2012
Computer Software	7.52	0.00	0.00	7.52	7.52	0.00	0.00	7.52	0.00
TOTAL	7.52	0.00	0.00	7.52	7.52	0.00	0.00	7.52	0.00

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013



(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 11: <u>NON -CURRENT INVESTMENT</u> (Valued at cost unless otherwise stated)		
Trade:		
Investment in equity shares:		
In subsidiary companies:	183.22	183.22
Sarla Overseas Holdings Limited (4,35,000 Shares of USD 1.00 each)		
Sarlaflex Inc USA (100,200 Shares of USD 1.00 each, PY NIL)	54.91	—
	238.13	183.22
(Aggregate amount of Unquoted investment)	238.13	183.22
(Provision made for diminution of investment)	—	—
NOTE 12: <u>LONG-TERM LOANS AND ADVANCE</u> (Unsecured, considered good)		
Capital advances	16.01	18.15
Security deposits (#)	337.53	325.24
Other loans and advance	11.55	452.54
	365.09	795.93
(#) Includes deposit given to concerns in which directors are interested. Refer Note No. 42		
NOTE 13: <u>CURRENT INVESTMENT</u> (Valued at cost or market value, whichever is lower)		
Investment in mutual funds		
HDFC Cash Management Fund - Treasury Advantage Plan - Weekly Dividend - Reinvestment (14,14,460.22 units, PY 10,60,488.11 units, NAV as on 31.03.2013 Rs. 10.0381, PY Rs.10.0396)	141.87	106.32
LIC Nomura FMP series - Growth Plan (4,00,000 units, PY 4,00,000 units, NAV as on 31.03.2013Rs. 10.05, PY Rs. 10.05)	40.00	40.00
SBI Magnum Income Plan - Growth (3,46,450.94 units, NAV as on 31.03.2013 Rs. 29.1002, PY Rs. Nil)	100.00	—
	281.87	146.32
(Aggregate amount of Unquoted investment)	281.87	146.32
(Provision made for diminution in value of investment)	—	—
NOTE 14: <u>INVENTORIES</u> (As taken, valued and certified by the Management)		
Raw Materials	1,853.73	1,451.64
Work-In -Progress	1,179.53	969.64
Finished goods	1,391.28	1,286.30
Stores and Spares	39.95	53.25
Oil & lubricant	24.60	12.31
Power & Fuel	10.87	1.16
Packing Materials	53.21	56.17
	4,553.20	3,830.48

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 15: <u>TRADE RECEIVABLE</u> (Unsecured, considered good)		
Outstanding for more than 6 months from due date (#)	571.99	674.17
Outstanding for less than 6 months form due date (#)	4,800.48	4,094.88
	5,372.47	4,769.05
(#) Includes Receivable from Subsidiary Company. Refer Note No. 42		
NOTE 16: <u>CASH AND BANK BALANCES</u>		
<u>CASH AND CASH EQUIVALENTS:</u>		
Balance with banks	374.56	37.66
Cash on hand	12.30	15.00
	386.86	52.67
<u>OTHER BANK BALANCES:</u>		
Balance in unpaid dividend account	29.48	23.55
Fixed deposits	1,650.65	1,063.60
[Fixed deposits of Rs. 5,46,16,622 (P.Y. Rs. 5,47,94,289) pledged as margin money deposit]		
	1,680.13	1,087.16
	2,066.99	1,139.82
NOTE 17: <u>SHORT TERM LOANS AND ADVANCES</u>		
Loans and advances to related parties	—	(0.73)
Unsecured, considered good	—	—
	—	(0.73)
Others		
Unsecured, considered good	812.77	861.61
Advance Income Tax (Net of Provisions)	163.05	127.23
	975.81	988.84
	975.81	988.11
NOTE 18: <u>OTHER CURRENT ASSETS</u>		
Other receivable	279.78	108.26
Interest receivables	57.64	76.05
	337.43	184.31

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013



(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 19: REVENUE FROM OPERATIONS		
A) Sale of Products/ Services:		
Local Sales	7,590.77	5,703.02
Export Sales	14,217.56	11,106.67
Deemed Export Sales	564.01	713.65
Trading Sales	1,212.15	791.86
Sale of Wind Power	380.21	303.66
	23,964.71	18,618.86
B) Other Operating Revenues:		
Export benefits	92.92	63.17
Sale of Waste yarn	13.12	21.71
REC income	71.36	35.79
	177.41	120.67
	24,142.12	18,739.53
NOTE 20: OTHER INCOME		
Dividend Income on Current investments	13.52	3.14
Net gain on sale of long term investments	(0.53)	—
Profit on sale of fixed assets	—	30.97
Exchange rate difference (Net)	64.89	—
Duty drawback	—	96.24
Miscellaneous Income	0.62	(6.38)
	—	—
	78.50	123.97
NOTE 21: COST OF MATERIALS CONSUMED		
Inventory at the beginning of the year	1,451.64	1,687.87
Add: Purchase	11,987.05	9,882.43
Add: interunit transfer purchases	2,470.65	4,716.42
	15,909.34	16,286.73
Less: interunit transfer sales	2,470.65	4,716.42
Less: Inventory at the end of the year	1,853.73	1,451.64
Cost of materials consumed	11,584.96	10,118.67
NOTE 22: (INCREASE)/ DECREASE IN INVENTORIES		
<u>Inventories at the end of the year:</u>		
Work-in-progress	1,179.53	969.64
Finished goods	1,391.28	1286.30
	2,570.82	2255.94
<u>Inventories at the beginning of the year:</u>		
Work-in-progress	969.64	585.27
Finished goods	1,286.30	896.76
	2,255.94	1,482.03
	(314.88)	(773.90)

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 23: <u>EMPLOYEE BENEFIT EXPENSES</u>		
Salaries, wages and bonus	389.11	344.13
Contribution to provident and other funds	52.09	31.97
Staff welfare expenses	52.92	41.36
	494.13	417.47
NOTE 24: <u>FINANCE COSTS</u>		
Interest expenses	375.52	185.08
Less: Interest income on bank deposits	134.76	92.05
Net interest expenses	240.75	93.03
Bank charges	190.32	176.66
	431.08	269.69
NOTE 25: <u>OTHER EXPENSES</u>		
<u>Manufacturing expenses:</u>		
Consumption of stores and spare parts	241.58	218.21
Power and fuel	1,266.00	1,163.88
Consumption of packing materials	937.19	772.98
Consumption of oils and chemicals	358.70	280.14
Labour charges	886.41	773.16
Clearing and forwarding charges	162.42	187.61
Repairs and Maintenance:		
Building	14.60	12.96
Machinery	40.41	34.08
Excise duty expenses (#)	110.69	110.36
Water, waste and effluent treatment charges	48.09	35.56
<u>Administrative and selling expenses:</u>		
Rent	44.09	8.25
Repairs and Maintenance - Others	54.06	30.03
Insurance	41.54	24.08
Rates and taxes	12.16	5.30
Director sitting fees	0.62	0.65
Legal and professional fees	66.16	41.75
Miscellaneous expenses	393.61	307.66
Payment to auditor:		
<u>As auditors:</u>		
Audit fee	7.50	6.75
Limited review	0.20	0.30
<u>In other capacity:</u>		
Other services (certification fees)	0.16	0.30
Freight and forwarding charges	1,141.33	840.85
Commission on sales	203.05	221.17
Bad debts written off	17.00	0.02
Transmission charges	24.71	13.52
Sales tax assessment dues	—	16.91
Exchange difference (Net)	—	167.37
Duty drawback Written off	537.23	—
	6,609.54	5,273.88

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

Cash Flow Statement for the YEAR ENDED 31ST MARCH, 2013



(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
CASH FLOW FROM THE OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	2,651.54	1,549.68
ADJUSTMENT FOR		
Depreciation	802.72	704.15
Interest Paid	565.84	361.74
Interest Received	(134.76)	(92.05)
Capital Gain on Sale of Investment/Assets	0.53	(30.97)
Dividend Received	(13.52)	(3.14)
Operating Profit Before Working Capital Changes	3,872.35	2,489.41
ADJUSTMENT FOR CHANGES IN WORKING CAPITAL		
Trade & Other Receivable	(603.42)	(718.53)
Inventories	(722.71)	(545.69)
Loans & Advances	862.34	(157.53)
Trade & Other Payable	(718.44)	(668.30)
Cash Generated From Operations	2,690.11	399.37
Prior Period Expenses/Extra Ordinary Items	—	—
Income Tax Paid	(507.60)	(254.92)
Deferred Tax Liabilities	—	(254.92)
Net Cash Flow from Operating Activities (1)	2,182.51	144.45
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,785.47)	(898.73)
Purchase of Investment	(190.46)	(146.32)
Dividend Received	13.52	3.14
Gain on Sale of Investment/Assets	(0.53)	30.97
Sale of Investment	—	96.41
Interest Received	134.76	92.05
Net Cash Flow from Investing Activities (2)	(3,828.17)	(822.48)
CASH FLOW FROM FINANCING ACTIVITIES		
Preferential Warrants Issued		
Net Fund Raised/(Repayment)	3,542.58	1,507.95
Dividend Paid	(347.51)	(312.76)
Dividend Tax Paid	(56.38)	(51.95)
Interest Paid	(565.84)	(361.74)
Net Cash Raised From Financing Activities (3)	2,572.84	781.50
Net Changes in Cash & Cash Equivalent (1 + 2 + 3)	927.18	103.47
Cash And Cash Equivalent - Opening Balance	1,139.82	1,036.35
Cash And Cash Equivalent - Closing Balance	2,066.99	1,139.82

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

H. P. KANODIA
Partner
Membership No. 40617
Place : Mumbai
Date : 29th May, 2013

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director

MAHENDRA SHETH
Company Secretary

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013

NOTE 26: 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. These financial statements have been prepared to comply in all material aspects with the account standards notified under section 211(3C) [Companies (Accounting Standards) Rules 2006, as amended] and the other 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. Adjustments arising from Exchange Rate variations attributable to the Fixed Assets are capitalised.

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

DEPRECIATION & AMORTISATION: Depreciation on 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.

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

INVENTORIES:

A. Raw Materials and General Stores are valued at cost or

realisable value, whichever is less, excluding Cenvat and VAT credit, by FIFO method.

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

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

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

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS: A provision is recognized when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Contingent Assets 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 effect 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 year end are calculated at the year end rate and mark to market profit/loss is dealt in the Statement of Profit & Loss.

REVENUE RECOGNITION:

A: Sales are recognized, net of returns and trade discounts, on dispatch of goods to customers and are reflected in the

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013



accounts at gross realizable value i.e. inclusive of excise duty. Inter-unit sales/ purchases have been eliminated during the year. In case of export sales, revenue is recognised when the risk and reward on the goods is transferred to the customers.

B: In appropriate circumstances, Revenue (Income) is recognised when no significant uncertainty as to Measurability or collectability exists. Export benefits/incentives are accounted on accrual basis.

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 carried 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 Statement of Profit and Loss.

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

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

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

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.

NOTE 27: CONTINGENT LIABILITIES NOT PROVIDED FOR

A. CONTINGENT LIABILITIES

1. Letter of credit: Letter of Credit issued by Banks on behalf of the Company Rs. 1115.26 Lacs (P.Y. Rs. 2493.31 Lacs), these are secured by the Charge created in favour of the Company's Bankers by way of Hypothecation of Stocks, Receivable & Machineries/Assets of the Company.

Stand-by Letter of credit issued by Banks on behalf of Sarlaflex, Inc, WOS of USD. 3.00 millions equivalent to Rs. 4281.60 lacs.

2. Guarantees: Bank Guarantees issued by Banks on behalf of the company Rs. 359.90 Lacs (P.Y. Rs. 371.68 Lacs). These are secured by the charge created in favour of the company's bankers by way of pledge of Fixed Deposit Receipts.

3. The claim against Company not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs. 2325.53 Lacs (P.Y. Rs. 2201.97 Lacs).

4. Bill discounted not matured Rs. 944.14 Lacs (P.Y. Rs. 2007.36 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.

5. CST liability in respect of invoice amount of Rs. 4304.85 Lacs (P.Y. Rs. 5705.22) for which C-Form are yet to be collected from the customers.

B. 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. 4.27 Lacs for A.Y. 2010-11.

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013

NOTE 28:

The company has exercised option given in Companies (Accounting Standard) Amendment Rules 2009 on Accounting Standard 11 issued by ICAI which was notified by MCA regarding accounting of exchange rate difference related to foreign currency loan utilised for acquisition of fixed assets by way of notification no. GSR 225(E) dated 31.03.2009 read with notification no. GSR 913(E) dated 29.12.2011. On exercise of option referred above, foreign exchange gain of Rs. 46.27 lacs (P.Y. Loss of Rs. 121.70 lacs) is adjusted in Fixed Assets during the year.

NOTE 29: 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.

NOTE 31: RAW MATERIALS CONSUMED

	Current Year		Previous Year	
	Amount	% of Consumption	Amount	% of Consumption
Imported	5,868.35	50.65	6,554.76	64.78
Indigenous	5,716.61	49.35	3,563.90	35.22
TOTAL	11,584.96	100.00	10,118.66	100.00

NOTE 32: STORES AND SPARES CONSUMED

	Current Year		Previous Year	
	Amount	% of Consumption	Amount	% of Consumption
Imported	15.85	6.56	28.90	13.24
Indigenous	225.73	93.44	189.31	86.76
TOTAL	241.58	100.00	218.21	100.00

NOTE 33: C.I.F. VALUE OF IMPORTS

	Current Year	Previous Year
Capital Goods	832.52	309.90
Raw Materials	6,113.21	6,158.59
Trading Goods	1,156.24	388.92
Stores, packing materials and consumables	328.98	191.22

NOTE 34: EXPENDITURE IN FOREIGN CURRENCY

	Current Year	Previous Year
Travelling	101.83	45.83
Commission on export sales	66.97	67.81
Interest	84.40	71.16

NOTE 35: EARNINGS IN FOREIGN CURRENCY

	Current Year	Previous Year
F.O.B. value of exports	13,727.56	10,398.97

NOTE 36:

Managing Director's remuneration is Rs. 54.00 Lacs (P.Y. Rs. 42.00 Lacs) & the whole time Director's remuneration is Rs. 40.00 Lacs (P.Y. Rs. 34.00 Lacs) is in accordance with section 198 schedule XIII of the Companies Act, 1956.

NOTE 37: TAXATION

Provision for taxation for the current year has been made, taking

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

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

NOTE 30:

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 & during the year also invested USD 1,00,200 equivalent to Rs. 54.91 Lacs for 100% share being 1,00,200 shares of Sarlaflex, Inc registered at USA as a result the said company is Wholly Owned Subsidiary of the Company.

(Rs. in Lacs)

(Rs. in Lacs)

(Rs. in Lacs)

(Rs. in Lacs)

(Rs. in Lacs)

into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

In accordance with AS-22 issued by the Institute of Chartered Accountants of India on 'Accounting of Taxes on Income' net deferred tax expenses on account of timing difference for current year is Rs. 277.09 lacs (P.Y. Rs. 200.25 lacs) which is charged to Statement of Profit and Loss.

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013



NOTE 38: EARNING PER SHARE

	Current Year	Previous Year
A) Number of shares considered weighted average shares outstanding	69,50,300	69,50,300
B) Net profit after tax attributable to equity share-holders (Rs. in Lacs)	1947.61	1,092.52
C) Basic and diluted earnings per equity share of Rs.10/- each (in Rupees)	28.02	15.72

NOTE 39:

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

NOTE 40: DISCLOSURE IN ACCORDANCE WITH REVISED AS - 15 ON "EMPLOYEE BENEFITS"

Defined Benefit Plans:	Current Year Gratuity	Previous Year Gratuity
i) Changes in the present value of Obligations		
Present value of Defined Benefit Obligation on 01-04-2012	7,170,937	5,573,480
Interest Cost	627,457	459,812
Current Service Cost	767,988	576,045
Benefit Paid during the year	(384,641)	(345,360)
Actuarial (Gain)/Loss on Defined Benefit Obligation	1,537,686	906,960
Present value of Defined Benefit Obligation as on 31-03-2013	9,719,427	7,170,937
ii) Changes in the Fair Value of Plan Assets		
Fair Value of Plans Assets as on 01-04-2012	5,313,256	4,135,486
Excess Provision	—	—
Expected Return on Plan Assets for the year ending 31-3-2013	563,184	427,556
Contribution made by the employer	1,487,942	1,095,574
Benefit paid during the year	(384,641)	(345,360)
Actuarial gain (Loss) on plan assets	—	—
Fair Value of Plans Assets as on 31-03-2013	6,979,741	5,313,256
iii) Amount to be recognised in the Balance Sheet as on 31-03-2013		
Present Value of the Defined Gratuity Benefits Obligation 31-03-2013	9,719,427	7,170,937
Fair Value of Plans Assets as on 31-03-2013	(6,979,741)	(5,313,256)
Liability Recognised in the Balance Sheet as on 31-03-2013	2,739,686	1,857,681
iv) Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	767,988	576,045
Interest Cost on Obligation	627,457	459,812
Expected Return on Plan Assets	(563,184)	(427,556)
Actuarial (Gain)/Loss on Defined Benefit Obligation	1,537,686	906,960
Expenses recognised in the Statement of Profit and Loss	2,369,947	1,515,261
v) Actual Return on Plan Assets		
Expected Return on Plan Assets	563,184	427,556
Actuarial gain (Loss) on plan assets	—	—
Actual Return on Plan Assets	563,184	427,556
vi) Actuarial Assumptions		
Rate of interest	8.25%	8.75%
Salary growth	7.5%	7%
Withdrawal rate	1%	1%

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013

NOTE 41: SEGMENT REPORT

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

activities into Wind Power Generation, hence the company's business activity now falls under two business segments, viz.

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

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

C) Information about primary and secondary segments are follows:

(Rs. in Lacs)

Particulars	2012-13			2011-12		
	In India	Outside India	Total	In India	Outside India	Total
Segment Revenue (Gross)						
Yarn:						
Manufacturing:	7,472.69	14,217.56	21,690.25	5,967.74	11,106.67	17,074.41
Trading:*	1,212.15		1,212.15	791.86		791.86
Generation of Wind Power	451.58		451.58	339.45		339.45
	9,136.42	14,217.56	23,353.98	7,099.05	11,106.67	18,205.72
Segment Results						
Yarn:						
Manufacturing:			2,811.42			1,586.40
Trading: *			38.76			21.80
Wind Power			232.44			211.17
Less: Finance cost (Unallocable)			431.08			269.69
Profit before tax			2,651.54			1,549.68
Segment Assets						
Yarn	20,191.89		20,191.89	17,817.85		17,817.85
Generation of Wind Power	4,446.22		4,446.22	1,644.83		1,644.83
Segment Liabilities						
Yarn	9,218.04		9,218.04	8,737.27		8,737.27
Generation of Wind Power	4,312.82		4,312.82	1,565.75		1,565.75
Capital Expenditure						
Yarn	612.09		612.09	898.74		898.74
Generation of Wind Power	2,198.13		2,198.13	121.70		121.70

* Trading Sales is High Seas Sales

NOTE 42: RELATED PARTY TRANSACTIONS

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

- Associates
M/s Satidham Industries Private Ltd.
M/s Hindustan Cotton Co.
M/s. Shivchandrai Jhunjunwala & Co.
- Key Management Personnel & their relatives
Madhusudan Jhunjunwala - Chairman
Krishna Jhunjunwala - Managing Director
Neha Jhunjunwala - Relative
- Joint Ventures of Subsidiary Company
Savitex SA De C.V., Honduras
MRK SA De C.V., Honduras
Sarla Tekstil Filament Sanayi Ticaret A.S.
- Subsidiary Companies
M/s Sarla Overseas Holding Ltd.
M/s Sarlaflex Inc.
M/s Sarla Europe, Lda

"God gives us dreams a size too big so that we can grow in them."

Notes on Financial Statement for the YEAR ENDED 31ST MARCH, 2013



Details of transactions with above related parties:

(Rs. in Lacs)

	Associates Enterprises		Key Management Personnel & Relatives		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 Received Back	—	—	—	—	—	—	—	—
Investment In Shares	—	—	—	—	—	—	238.13	183.22
Unsecured Loan Taken	—	—	—	—	—	—	—	—
Unsecured Loan Repaid	—	—	—	—	—	—	—	—
Remuneration	—	—	101.42	81.00	—	—	—	—
Advance Received	—	—	—	—	—	—	0.71	29.58
Advance Given	—	—	—	—	—	—	—	—
Security Deposit	225.00	225.00	—	—	—	—	—	—
Interest / Commission paid	—	—	—	—	—	—	32.00	—
Sale of Goods	—	—	—	—	—	156.01	2,818.26	1,094.06
Debtors	—	—	—	—	15.37	75.96	1,271.99	154.49
Purchase of Goods	—	—	—	—	—	—	—	—
Purchase of Machine	—	—	—	—	53.19	—	—	—
Creditors	—	—	—	—	—	—	—	—

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

NOTE 43: 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.

NOTE 44:

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

NOTE 45:

In the opinion of the Management, the Current Assets and Loans

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

H. P. KANODIA
Partner
Membership No. 40617
Place : Mumbai
Date : 29th May, 2013

The forward exchange contracts outstanding as at 31st March, 2013 are as under:

Sr. No.	Currency Exchange	
1	Number of 'Buy' Contracts	NIL
2	Aggregate Currency Amount (In Rs. Lacs)	NIL
3	Number of 'Sell' Contracts	12
4	Aggregate Currency Amount (In Rs. Lacs)	652.01

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

NOTE 46:

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

NOTE 47:

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director

MAHENDRA SHETH
Company Secretary

INDEPENDENT AUDITORS' REPORT

to the Board of Directors of Sarla Performance Fibers Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Sarla Performance Fibers Limited (the company) & its Wholly owned subsidiary company (collectively referred as "group") which comprise the consolidated balance sheet as at 31st March 2013, and the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by

management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of the report of other Auditor on the financial statement of step-down subsidiary and results of subsidiary and Joint-ventures as noted below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view, subject to note no 36 regarding non consideration of financial statement of two joint venture companies situated at Honduras, in conformity with the accounting principles generally accepted in India:

- In the case of the consolidated balance sheet, of the state of affairs of the company as at 31 March 2013.
- In the case of the consolidated statement of profit and loss, of the profit for the year ended on that date, and
- In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

OTHER MATTERS:

- Financial statements of Wholly Owned Subsidiary Company which reflects total assets of Rs.3346.09 lacs as at 31.03.2013 and total revenue of Rs.3613.18 lacs for the year then ended have been audited by us.
- We did not audit the financial statements of one step-down subsidiary company which reflects total assets of Rs.159.42 lacs as at 31.03.2013 and total revenue of Rs.151.31 lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is based solely on the report of the other auditor.
- We have relied on the unaudited financial statements of one wholly owned subsidiary company and one joint-venture Company which reflects total assets of Rs.2756.59 lacs as at 31.03.2013 and total revenue of Rs.566.22 lacs for the year then ended. These unaudited financial statements as approved by Board of Directors of these companies have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of these companies is based solely on such approved unaudited financial statements.

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

H. P. KANODIA
Partner
Membership No. 40617

Place: Mumbai.
Date : 29th May, 2013

Consolidated
BALANCE SHEET AS AT 31ST MARCH, 2013



(Rs. in Lacs)

	Note no.	Current Year 31st March 2013	Previous Year 31st March 2012
EQUITY AND LIABILITIES:			
1) <u>SHARE HOLDERS' FUNDS</u>			
Share Capital	1	695.03	695.03
Reserves & Surplus	2	13,551.32	11,746.19
		14,246.35	12,441.22
2) <u>NON-CURRENT LIABILITIES</u>			
Long-Term Borrowings	3	3,464.71	767.99
Deferred Tax Liabilities (Net)	4	1,399.73	1122.63
Other Non Current Liabilities	5	369.48	—
		5,233.92	1,890.63
3) <u>CURRENT LIABILITIES</u>			
Short-Term Borrowings	6	7,011.13	5,474.99
Trade Payables	7	1,148.50	2,194.81
Other Current Liabilities	8	2,272.16	1,601.76
Short-Term Provisions	9	924.26	431.75
		11,356.06	9,703.32
TOTAL		30,836.33	24,035.17
ASSETS:			
1) <u>NON-CURRENT ASSETS</u>			
Fixed Assets			
i) Tangible Assets	10	10,217.52	8,232.55
ii) Intangible Assets	11	—	—
iii) Capital Work-in-Progress		2,655.16	—
Non-Current Investments		—	—
Long Term Loans and Advances	12	1,195.41	964.43
		14,068.10	9,196.98
2) Foreign Currency Monetray Item Translation Difference Account		38.93	—
3) <u>CURRENT ASSETS</u>			
Current Investments	13	281.87	146.32
Inventories	14	6,069.93	5,418.76
Trade Receivables	15	5,835.05	6,452.83
Cash and Cash Equivalents	16	2,184.37	1,252.69
Short-term Loans and Advances	17	1,773.02	1,333.59
Other Current Assets	18	585.05	234.00
		16,729.30	14,838.19
TOTAL		30,836.33	24,035.17
Significant accounting policies and Notes on Financial Statement Notes referred above forms integral part of the balance sheet	1 to 39		

As per our report of even date attached
For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617
Place : Mumbai
Date : 29th May, 2013

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director

MAHENDRA SHETH
Company Secretary

Consolidated Statement of Profit and Loss for the YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

	Note no.	Current Year 31st March 2013	Previous Year 31st March 2012
INCOME:			
Revenue from operations	19	26,657.60	22,798.60
Less: Excise duty		788.14	533.81
		25,869.46	22,264.78
Other income	20	80.62	130.45
		25,950.07	22,395.23
EXPENSES:			
Cost of materials consumed	21	12,154.68	11,682.48
Purchase of stock-in-trade		1,910.26	1,703.06
Changes in inventories of finished goods and work-in-progress	22	(305.57)	(1,273.76)
Employee benefit expenses	23	526.51	486.02
Finance costs	24	434.67	297.21
Depreciation and amortization expenses	10 & 11	822.44	804.53
Other expenses	25	6,903.30	6,346.41
		22,446.30	20,045.96
PROFIT BEFORE TAX		3,503.77	2,349.27
TAX EXPENSE:			
Current tax (MAT)		529.00	308.00
Less: MAT Credit		82.58	42.77
Net Current Tax		448.45	265.77
Deferred tax		277.09	200.25
Tax adjustment of earlier years		(19.59)	(8.32)
PROFIT FOR THE PERIOD		2,797.81	1,891.57
EARNING PER EQUITY SHARE:			
Basic		40.25	27.22
Diluted		40.25	27.22
Significant accounting policies and Notes on Financial Statements	1 to 39		
Notes referred above forms integral part of the statement of profit and loss			

As per our report of even date attached
For SUNDARLAL, DESAI & KANODIA
Chartered Accountants

H. P. KANODIA
Partner
Membership No. 40617
Place : Mumbai
Date : 29th May, 2013

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director

MAHENDRA SHETH
Company Secretary

Consolidated Cash Flow Statement for the YEAR ENDED 31ST MARCH, 2013



(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
CASH FLOW FROM THE OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	3,503.77	2,349.27
ADJUSTMENT FOR		
Depreciation	822.44	804.53
Interest Paid	569.43	389.27
Interest Received	(134.76)	(92.06)
Capital Gain on Sale of Investment/Assets	0.53	(30.97)
Dividend Received	(13.52)	(3.14)
Operating Profit Before Working Capital Changes	4,747.89	3,416.90
ADJUSTMENT FOR CHANGES IN WORKING CAPITAL		
Trade & Other Receivable	617.78	(1,372.29)
Inventories	(651.18)	(1,041.46)
Loans & Advances	(1,531.52)	(681.99)
Trade & Other Payable	56.82	(171.26)
Cash Generated From Operations	3,239.79	149.90
Prior Period Expenses/Extra Ordinary Items	—	—
Income Tax Paid	(507.60)	(254.92)
Deferred Tax Liabilities	—	(254.92)
Net Cash Flow from Operating Activities (1)	2,732.19	(105.02)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,462.58)	(1,179.14)
Purchase Of Investment	(135.55)	(146.32)
Dividend Received	13.52	3.14
Gain on Sale of Investment/Assets	(0.53)	30.97
Sale of Investment	—	96.41
Interest Received	134.76	92.05
Net Cash Flow from Investing Activities (2)	(5,450.37)	(1,102.89)
CASH FLOW FROM FINANCING ACTIVITIES		
Preferential Warrants Issued	—	—
Net Fund Raised/(Repayment)	4,623.19	1,863.14
Dividend Paid	(347.51)	(312.76)
Dividend Tax Paid	(56.38)	(51.95)
Interest Paid	(569.43)	(389.27)
Net Cash Raised From Financing Activities (3)	3,649.87	1,109.16
Net Changes in Cash & Cash Equivalent (1+2+3)	931.69	(98.75)
Cash And Cash Equivalent - Opening Balance	1,252.69	1,351.43
Cash And Cash Equivalent - Closing Balance	2,184.37	1,252.69

Notes :

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

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman

H. P. KANODIA
Partner
Membership No. 40617
Place : Mumbai
Date : 29th May, 2013

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director

MAHENDRA SHETH
Company Secretary

Notes on Consolidated Financial Statement for the YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 1: SHARE CAPITAL		
AUTHORISED CAPITAL		
1,00,00,000 Equity Shares Of Rs. 10/- Each	1,000.00	1,000.00
ISSUED, SUBSCRIBED AND PAID UP		
69,50,300 (P.Y. 69,50,300) Equity Shares of Rs. 10/- each	695.03	695.03
TOTAL	695.03	695.03

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

During the year ended 31st March 2013, the amount of per share dividend recognised as distributions to equity shareholders was Rs. 6.00 (31st March 2012 Rs. 5.00)

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

Reconciliation of Outstanding Shares	31st March 2013 No of shares	31st March 2012 No of shares
Opening as on 1st April	69,50,300	69,50,300
Add: Issued during the year	—	—
Less: Forfeited during the year	—	—
Closing as on 31st March	69,50,300	69,50,300

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

Name of the Shareholder	No. of shares as on 31st March 2013	No. of shares as on 31st March 2012
Hindustan Cotton Company - Through its partners	2,116,479	2,116,479
Satidham Industries Private Limited	1,241,053	1,241,053
Sarladevi Jhunjhunwala	388,400	388,400
TOTAL	37,45,932	37,45,932

NOTE 2: RESERVES AND SURPLUS

CAPITAL RESERVES

Balance as per last balance sheet
Add: Capital subsidy

237.73
—
237.73

226.05
11.68
237.73

GENERAL RESERVE

Balance as per last balance sheet
Add: Transferred from statement of profit & loss

3,474.38
300.00
3,774.38

3,174.38
300.00
3,474.38

SURPLUS

Balance as per last balance sheet
Add: Profit for the period
Less: Appropriations:

7,932.05
2,797.81
—

6,744.38
1,891.57
—

Transferred to General reserve
Proposed Dividend
Tax on Dividend

300.00
818.82
67.65

300.00
347.51
56.38

Closing balance in statement of profit & loss

9,543.39

7,932.05

Foreign Currency translation reserve
Profit on Consolidation

(7.24)
3.06

98.97
3.06

TOTAL

13,551.32

11,746.19

Notes on Consolidated Financial Statement for the YEAR ENDED 31ST MARCH, 2013



(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 3: LONG TERM BORROWING		
TERM LOANS:		
SECURED LOANS - FROM BANKS		
From Standard Chartered Bank Foreign Currency Loan (Exclusive charge on wind turbine generator financed and situated at Satara & Sangli Dist. at Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat and personal guarantee of managing director) (Total loan of USD 39,00,000) (Term loan of USD 2000000 Repayable in 16 equal quarterly installment of USD 1,25,000 each till March 2016) (Term loan of USD 1900000 Repayable in 16 equal quarterly installment of USD 1,18,750 each till June 2017)	1,382.15	760.20
From DBS Bank Foreign Currency Loan (Exclusive charge on wind turbine generator financed and situated at Satara & Sangli Dist. At Maharashtra & and personal guarantee of managing director) (Term loan of USD 3000000 Repayable in 15 equal quarterly installment of USD 2,00,000 each till June 2017)	1,424.91	—
Vehicle Loan (Exclusive charge on vehicle financed)	6.30	7.79
Term Loan from CITI BANK NA, USA (Secured by stand by letter of credit given by Sarla Performance Fibers Limited)	651.34	—
TOTAL	3,464.71	767.99
NOTE 4: DEFERRED TAX LIABILITY (NET)		
On account of depreciation	1,399.73	1,122.63
TOTAL	1,399.73	1,122.63
NOTE 5: OTHER NON CURRENT LIABILITIES		
Creditors for Capital goods (Payable to Colleten County for Land & Building)	369.48	—
	369.48	—
NOTE 6: SHORT TERM BORROWING		
LOANS REPAYABLE ON DEMAND		
Secured Loans		
From Banks:		
Packing Credit Loan	4,702.61	2,754.89
Post Shipment Credit	—	30.60
Foreign Documentary Bill Purchase/Bill Discounting	944.14	1,881.67
Buyers Credit	1,139.28	582.75
(All the above working capital facilities are secured against all the current assets (present and future) of the company). (These facilities are further secured by first charge on the fixed assets of the company except the assets which are financed through term loan, on which the consortium working capital facilities lenders will have second charge, except Wind Turbine Generator and vehicles). (These facilities are further secured by personal guarantee of Managing Director.)		
Unsecured Loans - From Related concerns	225.09	225.09
TOTAL	7,011.13	5,474.99

Notes on Consolidated Financial Statement for the YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 7: <u>TRADE PAYABLES</u>		
<u>TRADE PAYABLES</u>	1,148.50	2,194.81
TOTAL	1,148.50	2,194.81
NOTE 8: <u>OTHER CURRENT LIABILITIES</u>		
Current maturities of long-term debts	697.56	268.29
Unpaid dividend	29.48	23.55
<u>Other Payables:</u>		
TDS payable	8.06	11.84
Sales tax payable	79.76	62.44
Other statutory dues payable	8.00	3.10
Excise duty payable	185.69	170.00
Sundry creditors	802.70	534.01
Advance from customers	139.60	336.09
Excess cheques drawn	114.05	68.60
Other liabilities	207.24	123.83
TOTAL	2,272.16	1,601.76
NOTE 9: <u>SHORT TERM PROVISIONS</u>		
<u>FOR EMPLOYEE BENEFITS</u>		
Provision for gratuity (refer note 40)	27.40	18.58
Provision for leave encashment	2.08	1.37
Provision for bonus	6.14	5.08
Salaries and wages payable	2.17	1.72
	37.79	26.74
<u>FOR OTHERS</u>		
Provision for dividend	818.82	347.51
Provision for tax on dividend	67.65	56.38
Provision for Fringe benefit tax (net)	—	1.10
	886.47	405.01
TOTAL	924.26	431.75

(Rs. in Lacs)

(Rs. in Lacs)

NOTE 11: INTANGIBLE ASSETS

(Rs. in Lacs)

Notes on Consolidated Financial Statement for the YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 12: LONG-TERM LOANS AND ADVANCE (Unsecured, considered good)		
Capital advances	16.01	18.15
Security deposits (#)	337.53	325.24
Other loans and advance (#)	841.87	452.54
	1,195.41	795.93
(#) Includes deposit advances given to concerns in which directors are interested. Refer Note No. 42 of Notes on Standalone financial statements		
NOTE 13: CURRENT INVESTMENT (Valued at cost or market value, whichever is lower)		
Investment in mutual funds		
HDFC Cash Management Fund - Treasury Advantage Plan - Weekly Dividend - Reinvestment (14,14,460.22 units, PY 10,60,488.11 units, NAV as on 31.03.2013 Rs. 10.0381, PY Rs.10.0396)	141.87	106.32
LIC Nomura FMP series - Growth Plan (4,00,000 units, PY 4,00,000 units, NAV as on 31.03.2013Rs. 10.05, PY Rs. 10.05)	40.00	40.00
SBI Magnum Income Plan - Growth (3,46,450.94 units, NAV as on 31.03.2013 Rs. 29.1002, PY Rs. Nil)	100.00	—
	281.87	146.32
(Aggregate amount of Unquoted investment) (Provision made for diminution in value of investment)	281.87	146.32
NOTE 14: INVENTORIES (As taken, valued and certified by the Management)		
Raw Materials	2,152.52	1,812.65
Work-In -Progress	1,214.51	1,004.63
Finished goods	2,574.25	2,478.57
Stores and Spares	39.95	53.25
Oil & lubricant	24.60	12.31
Power & Fuel	10.87	1.16
Packing Materials	53.21	56.17
	6,069.93	5,418.76
NOTE 15: TRADE RECEIVABLE (Unsecured, considered good)		
Outstanding for more than 6 months from due date	571.99	674.17
Outstanding for less than 6 months from due date	5,263.06	5,778.66
	5,835.05	6,452.83

Notes on Consolidated Financial Statement for the YEAR ENDED 31ST MARCH, 2013



(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 16: CASH AND BANK BALANCES		
CASH AND CASH EQUIVALENTS:		
Balance with banks	491.83	150.46
Cash on hand	12.39	15.06
	504.23	165.52
OTHER BANK BALANCES:		
Balance in unpaid dividend account	29.48	23.55
Fixed deposits [Fixed deposits of Rs. 5,46,16,622 (P.Y. Rs. 5,47,94,289) pledged as margin money deposit]	1,650.66	1,063.61
	1,680.15	1,087.17
	2,184.37	1,252.69
NOTE 17: SHORT TERM LOANS AND ADVANCES		
Loans and advances to related parties		
Unsecured, considered good	—	(0.73)
	—	—
	—	(0.73)
Others		
Unsecured, considered good	1,609.97	1,207.10
Advance Income Tax (Net of Provisions)	163.05	127.23
	1,773.02	1,334.33
	1,773.02	1,333.59
NOTE 18: OTHER CURRENT ASSETS		
Other receivable	329.39	157.94
Interest receivables	57.64	76.05
Pre-operative expenses	198.02	—
	585.05	234.00

Notes on Consolidated Financial Statement for the YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 19: REVENUE FROM OPERATIONS		
A) <u>Sale of Products/ Services:</u>		
Local Sales	8,305.97	8,098.05
Export Sales	12,404.66	10,012.61
Deemed Export Sales	564.01	713.65
Trading Sales	4,825.33	3,549.95
Sale of Wind Power	380.21	303.66
	26,480.18	22,677.93
B) <u>Other Operating Revenues:</u>		
Export benefits	92.92	63.17
Sale of Waste yarn	13.12	21.70
REC income	71.36	35.79
	177.41	120.67
	26,657.60	22,798.60
NOTE 20: OTHER INCOME		
Dividend Income on Current investments	13.52	3.14
Net gain on sale of long term investments	(0.53)	—
Profit on sale of fixed assets	—	30.97
Exchange rate difference (Net)	64.66	(4.41)
Duty drawback	—	96.24
Miscellaneous Income	2.96	4.51
	—	—
	80.61	130.45
NOTE 21: COST OF MATERIALS CONSUMED		
Inventory at the beginning of the year	1,812.93	2,052.94
Add: Purchase	10,681.37	10,348.41
Add: interunit transfer purchases	2,470.65	4,716.42
	14,964.95	17,117.77
Less: interunit transfer sales	2,470.65	4,716.42
Less: Inventory at the end of the year	2,152.52	1,812.93
Cost of materials consumed	10,341.78	10,588.42
NOTE 22: (INCREASE)/ DECREASE IN INVENTORIES		
<u>Inventories at the end of the year:</u>		
Work-in-progress	1,214.51	1,004.63
Finished goods	2,574.28	2,478.60
	3,788.80	3,483.23
<u>Inventories at the beginning of the year:</u>		
Work-in-progress	1,004.63	631.90
Finished goods	2,478.60	1,577.57
	3,483.23	2,209.47
	(305.57)	(1,273.76)

Notes on Consolidated Financial Statement for the YEAR ENDED 31ST MARCH, 2013



(Rs. in Lacs)

	Current Year 31st March 2013	Previous Year 31st March 2012
NOTE 23: EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	421.49	410.51
Contribution to provident and other funds	52.09	31.97
Staff welfare expenses	52.92	43.54
	526.51	486.02
NOTE 24: FINANCE COSTS		
Interest expenses	375.57	210.65
Less: Interest income on bank deposits	134.76	92.06
Net interest expenses	240.81	118.59
Bank charges	193.86	178.62
	434.67	297.21
NOTE 25: OTHER EXPENSES		
<u>Manufacturing expenses:</u>		
Consumption of stores and spare parts	241.58	218.21
Power and fuel	1,266.00	1,171.71
Consumption of packing materials	937.19	772.98
Consumption of oils and chemicals	358.70	283.81
Labour charges	942.54	899.33
Clearing and forwarding charges	322.19	312.77
Repairs and Maintenance:	—	—
Building	14.60	12.96
Machinery	40.41	35.68
Excise duty expenses #	110.69	110.36
Water, waste and effluent treatment charges	48.09	35.56
	—	—
<u>Administrative and selling expenses:</u>		
Rent	44.09	25.94
Repairs and Maintenance - Others	54.06	31.41
Insurance	41.54	30.35
Rates and taxes	12.37	5.69
Director sitting fees	0.62	0.65
Legal and professional fees	96.36	68.89
Miscellaneous expenses	428.37	480.98
Payment to auditor:	—	—
<u>As auditors:</u>		
Audit fee	9.33	9.57
Limited review	0.20	0.30
<u>In other capacity:</u>		
Other services (certification fees)	0.16	0.30
Freight and forwarding charges	1,141.33	930.28
Commission on sales	213.92	227.93
Bad debts written off	17.00	0.02
Transmission charges	24.71	13.52
Sales tax assessment dues	—	16.91
Duty drawback Written off	537.23	—
Exchange difference (Net)	—	167.37
Other direct expenses	—	482.90
	6,903.30	6,346.41

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

Notes on Consolidated Financial Statement for the YEAR ENDED 31ST MARCH, 2013

NOTE 26: 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 ('the Company') and its subsidiary companies i.e. Sarla Overseas Holdings Limited & Sarla Flex Inc. The consolidated financial statements have been prepared on the following basis:

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

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

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

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

E. The consolidated financial statement represents those of Sarla Performance Fibers Limited and its wholly owned subsidiary,

Sarla Overseas Holdings Ltd., BVI (SOHL). Financial statements of SOHL includes, Sarla Europe, LDA in which SOHL holds 60% of its Share Capital, Savitex in which SOHL holds 40% of its Share Capital, Sarla Tekstil in which SOHL holds 45% of its Share Capital and MRK S.A. De C.V. in which SOHL hold 33.33% of its Share Capital. The company SOHL has commercial disputes with its JV partners Savitex S.A. De C.V. & MRK S.A. De C.V., resulting into the matter being referred to the appropriate judicial authority in Honduras. The matter being subjudice, the financial performance of both the JVs are not taken in to consideration while preparing the Consolidated Financial results for the year 2012-13.

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

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

IMPAIRMENT OF ASSETS: 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 Pro-rata 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.

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

INVENTORIES:

A. Raw Materials and General Stores are valued at cost or

Notes on Consolidated Financial Statement for the YEAR ENDED 31ST MARCH, 2013



realisable value, whichever is less, excluding Cenvat and VAT credit, by FIFO method.

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

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

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

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS: A provision is recognized when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Contingent Assets 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 effect 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 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 recognized, net of returns and trade discounts, on dispatch of goods to customers and are reflected in the accounts at gross realizable value i.e. inclusive of excise duty.

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

B: In appropriate circumstances, Revenue (Income) is recognised when no significant uncertainty as to Measurability or collectability exists. Export benefits/incentives are accounted on accrual basis.

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 carried forward only to the extent that there is a virtual certainty that the assets will be realised in the 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 get 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.

NOTE 27: CONTINGENT LIABILITIES NOT PROVIDED FOR

A. CONTINGENT LIABILITIES:

1. **Letter of Credits:** Letter of Credits issued by Banks on behalf of the Company Rs. 1115.26 (P.Y. Rs. 2,493.31 Lacs), these are covered by the Charge created in favour of the Company's Bankers by way of Hypothecation of Stocks, Receivable & Machineries/Assets of the Company.

Stand-by Letter of credit issued by Banks on behalf of Sarlalex, Inc, WOS of USD. 7.88 millions equivalent to Rs. 4281.60 lacs.

2. **Guarantees:** Bank Guarantees issued by Banks on behalf of the company Rs. 359.90 Lacs (P.Y. Rs. 371.68 Lacs). These are secured by the charge created in favour of the company's

Notes on Consolidated Financial Statement for the YEAR ENDED 31ST MARCH, 2013

bankers by way of pledge of Fixed Deposit Receipts.

3. The claim against Company not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs. 2325.53 Lacs (P.Y. Rs. 2201.97 Lacs)

4. Bill discounted not matured Rs. 944.14 Lacs (P.Y. Rs. 2007.36 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.

5. CST liability in respect of invoice amount of Rs. 4304.85 Lacs (P.Y. Rs. 5705.22) for which C-Forms are yet to be collected from the customers.

B: 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 appeal pending before CIT (A) amounting to Rs. 4.27 Lacs for A.Y. 2010-11.

NOTE 28:

The company has exercised option given in Companies (Accounting Standard) Amendment Rules 2009 on Accounting Standard 11 issued by ICAI which was notified by MCA regarding accounting of exchange rate difference related to foreign currency loan utilised for acquisition of fixed assets by way of notification no. GSR 225(E) dated 31.03.2009 read with notification no. GSR 913(E) dated 29.12.2011. On exercise of option referred above, foreign exchange gain of Rs. 46.27 lacs (P.Y. Loss of Rs. 121.70 lacs) is adjusted in Fixed Assets during the year.

NOTE 29: 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 basis according to the period during which assets are put to use.

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

NOTE 30:

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 & during the year also invested USD 1,00,200 equivalent to Rs. 54.91 Lacs for 100% share being 1,00,200 shares of Sarlaflex Inc, registered at USA as a result the said company is Wholly Owned Subsidiary of the Company.

B. Sarla Overseas Holdings Limited has an investment of USD 840,888 (equivalent to Rs. 380.80 lacs) for 16,000 shares of Savitex S.A. De C.V., Honduras, out of the total capital of 40,000 shares in Savitex S.A. De C.V. Honduras and EURO 3,000 (equivalent to 1.95 lacs) for 3 shares in Sarla Europe LDA, Portugal out of total capital of 5 Shares of Sarla Europe LDA and USD 280,000 in Sarla Tekstil Sanayi, Turkey towards 45% share capital of the company and USD 100,000 in MRK S.A. De C.V. towards 33.33% share capital of the company.

NOTE 31:

Managing Director's remuneration is Rs. 54.00 Lacs (P.Y. Rs. 42.00 Lacs) & the whole time Director's remuneration is Rs. 40.00 Lacs (P.Y. Rs. 34.00 Lacs) is in accordance with section 198 schedule XIII of the Companies Act, 1956.

NOTE 32: TAXATION

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

In accordance with AS-22 issued by the Institute of Chartered Accountants of India on 'Accounting of Taxes on Income' net deferred tax expenses on account of timing difference for current year is Rs. 277.09 lacs (P.Y. Rs. 200.25 lacs) which is charged to statement profit and loss.

NOTE 33:

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

NOTE 34: DERIVATIVE INSTRUMENTS

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

The forward exchange contracts outstanding as at 31st March, 2013 are as under:

Sr. No.	Currency Exchange	USD/INR
1	Number of 'Buy' Contracts	NIL
2	Aggregate Currency Amount (In Rs. Lacs)	NIL
3	Number of 'Sell' Contracts	12
4	Aggregate Currency Amount (In Rs. Lacs)	652.01

NOTE 35:

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

Notes on Consolidated Financial Statement for the YEAR ENDED 31ST MARCH, 2013



NOTE 36:

Sarla Overseas Holdings Limited has commercial disputes with its JV partners Savitex S.A. De C.V. & MRK S.A. De C.V., resulting into the matter being referred to the appropriate judicial authority in Honduras. The matter being subjudice, the financial performance of both the JV's are not taken in to consideration while preparing the Consolidated Financial Results for the year 2012-13. Therefore consolidated financial statements of current year are not comparable with previous years.

NOTE 37:

In the opinion of the Management, the Current Assets and Loans

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

H. P. KANODIA
Partner
Membership No. 40617
Place : Mumbai
Date : 29th May, 2013

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

NOTE 38:

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

NOTE 39:

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director

MAHENDRA SHETH
Company Secretary

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of SARLA PERFORMANCE FIBERS LIMITED will be held on Friday, the 13th September, 2013 at the Registered office of the Company at Survey No.59/1/4, Amli Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli, at 11.30 A.M. to transact the following businesses :

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2013, the Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To declare a dividend on equity shares.

3. To appoint a Director in place of Mr. Arun Vaid, who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s Sundarlal, Desai & Kanodia, Chartered Accountants (Registration No.110560W) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

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 pursuant to the provisions of Section 198, 309 and 310 and other applicable provisions if any of the Companies Act, 1956 read with Schedule XIII to the said Act, consent of the Members of the Company be and is hereby accorded for the increase in the remuneration payable to Mr. Krishnakumar M. Jhunjhunwala, Managing Director of the Company from Rs. 4,50,000/- per month to Rs.6,00,000/- per month with an annual increment of Rs.1,00,000 with effect from 1st August, 2013 for the remaining period of his appointment viz. up to 30th September, 2014 and other terms and conditions of his appointment will remain same, details of which have been given in Explanatory Statement.”

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

“RESOLVED THAT subject pursuant to the provisions of

Section 198, 309 and 310 and other applicable provisions if any of the Companies Act, 1956 read with Schedule XIII to the said Act, consent of the Members of the Company be and is hereby accorded for the increase in the remuneration payable to Mr. Madhusudhan S Jhunjhunwala, Whole Time Director of the Company from Rs. 3,50,000/- per month to Rs.6,00,000/- per month with an annual increment of Rs.1,00,000 with effect from 1st August, 2013 for the remaining period of his appointment viz. upto 31st July, 2015 and other terms and conditions of his appointment will remain same details of which have been given in Explanatory Statement.”

7. 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 Resolution as an Ordinary Resolution :-

“RESOLVED THAT in supersession of the earlier resolution passed at the Annual General Meeting held on 29th September 2011 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, deposits, loans, bills discounting, letter of credits/guarantees 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. 350 crore (Rupees Three 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.” ,

8. 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,

NOTICE



as may be 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, where so ever 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 to the Company.

Place: Mumbai.

Date : 29th May, 2013

For and on Behalf of Board of Directors

(MADHUSUDAN S. JHUNJHUNWALA)
Chairman & Whole Time Director

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. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No.5 to 8 is annexed hereto.

4. The Company has fixed Closure of Register of Members and Share Transfer Books from Saturday, the 7th September, 2013 to Friday, the 13th September, 2013 (both days inclusive) for determining the names of members eligible for dividend, if approved, on Equity Shares for the year ended 31st March 2013. The dividend if declared at the Annual General Meeting will be paid from 13th September, 2013, 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 on or before the end of business hour 6th September, 2013 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 6th September, 2013. The payment of Dividend will start from 13th September, 2013.

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

Name of Director	Mr. Arun Vaid
Date of Birth	5-11-1944
Date of Appointment	1-11-2000
Expertise in specific functional	Rich experience in trading of machineries
Qualifications	B. Com.
List of Public Companies in which outside Directorships held as on 31st March, 2012	NIL
Chairman/ Member of the Committees of the Board of companies on which he is Director as on 31st March, 2012	NIL
No. of Equity Shares held in the Company as on 31st March, 2012	NIL

"The world needs dreamers and the world needs doers.
But above all, the world needs dreamers who do. "

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

Item No.1

Mr. Krishnakumar Jhunjunwala was re-appointed as Managing Director of the Company for 5 years with effect from 1st October, 2009 on following remuneration and other terms and conditions:-

1. Salary	: Rs. 3,00,000/- per month with Annual increment of Rs. 50,000/- every year.
2. Medical Expenses	: Reimbursement of Medical Expenses incurred for him and his family subject to a ceiling of one month salary in a year.
3. Club Fees	: Club Fees Subject to a Maximum of 2 Clubs. This will not include admission and life membership fees.
4. Gratuity	: Gratuity not exceeding half a month salary for every completed years of service
5. Car	: Provision of a chauffeur driven Car for use of Company's business. Use of Car for private purpose shall be billed Company to the Managing Director.
6. Telephones	: Provision of a telephone at his residence a Mobile phone for Company's business. However personnel STD calls shall be billed the Company to the Managing Director
7. Reimbursement of other expenses	: The Managing Director shall be entitled to be reimbursed in respect of all expenses incurred by him including traveling, entertainment etc. for and on behalf of the Company. However, no sitting fees will be paid to the Managing Director for attending the Meetings of the Board of Directors or Committees thereof.
Explanation	: Family means the spouse, dependent children and parents of the Managing Director.

Other Terms and Conditions:-

8) Minimum Remuneration:- In the subsequent years if profits of the Company remains inadequate or Company incurs losses then the Managing Director shall be paid Remuneration within the ceiling prescribed under Schedule XIII to the Companies Act, 1956.

9) Job Responsibility:- The Managing Director shall look after all the affairs of the Company subject to the superintendence and control of the Board of Directors of the Company and shall carry out such other work as may be entrusted to him by the Board of Directors of the Company.

10) Devotion of full time:- During the employment with the Company the Managing Director shall devote full time and attention to the business of the Company as may necessary or required and shall use his best endeavors to promote the interest and welfare of the Company.

11) Ceasing of Office:- If any time the Managing Directors ceases to

be Director of the Company for any cause whatsoever, he will ceases to be Managing Director in terms of this appointment forthwith.

12) Notice period:- The appointment of the Managing Director can be terminated by either party giving 3 months notice and no severance fees will be payable to the Managing Director."

The Remuneration Committee and the Board of Directors of the Company in their Meeting held on 29th May, 2013 have decided to increase the remuneration of Mr. Krishnakumar Jhunjunwala from Rs. 4,50,000/- per month to Rs. 6,00,000/- per month with an annual increment of Rs. 1,00,000 with effect from 1st August, 2013 for his remaining period of appointment looking into the performance of the Company and the expansion of the business of the Company subject to the consent of the Members of the Company. Payment of perquisites and other terms and conditions of his appointment will remain same as stated above.

As per the provisions of Section 309 of the Companies Act, 1956 and as per the provisions of Schedule XIII of the said Act, consent of the Members is required for appointment and payment of remuneration to Managing Director.

The Resolution set out at Item No. 5 of the Notice of the Meeting is meant for obtaining consent of the Members for increase in his remuneration. The Directors commend the Resolution for your approval.

This may also be treated as an abstract for the increase in remuneration payable to the Managing Director, in terms of Section 302 of the Companies Act, 1956.

Mr. Krishnakumar M. Jhunjunwala himself and Mr. Madhusudan S. Jhunjunwala relative of Mr. Krishnakumar Jhunjunwala are interested in the Resolution.

Item No.2

Mr. Madhusudan S Jhunjunwala was re-appointed as a Whole Time Director of the Company for 5 years with effect from 1st August, 2010 on following remuneration and other terms and conditions:-

1. Salary	: Rs.2,50,000/- per month with Annual increment of Rs. 50,000/- every year.
2. Medical Expenses	: Reimbursement of Medical Expenses incurred for him and his family subject to a ceiling of one month salary in a year.
3. Club Fees	: Club Fees Subject to a Maximum of 2 Clubs. This will not include admission and life membership fees.
4. Gratuity	: Gratuity not exceeding half a month salary for every completed years of service
5. Car	: Provision of a chauffeur driven Car for use of Company's business. Use of Car for private purpose shall be billed by Company to the Whole time Director.

ANNEXURE TO NOTICE

6. Telephones	:	Provision of a telephone at his residence and a Mobile phone for Company's business. However personnel STD calls shall be billed by the Company to the Whole
7. Reimbursement of other expenses	:	The Whole time Director shall be entitled to be reimbursed in respect of all expenses incurred by him including traveling entertainment etc. for and on behalf of Company. However, no sitting fees will be paid to the Whole time Director for attending the Meetings of the Board of Directors or Committees thereof.
Explanation	:	Family means the spouse, dependent children and parents of the Whole time Director.

Other Terms and Conditions:-

8) Minimum Remuneration:- In the subsequent years if profits of the Company remains inadequate or Company incurs losses then the Whole time Director shall be paid Remuneration within the ceiling prescribed under Schedule XIII to the Companies Act, 1956.

9) Job Responsibility:- The Whole-time Director shall look after all the Finance, Accounts and Administration work of the Company subject to the superintendence and control of the Board of Directors of the Company and shall carry out such other work as may be entrusted to him by the Board of Directors of the Company.

10) Devotion of full time:- During the employment with the Company the Whole-time Director shall devote full time and attention to the business of the Company as may necessary or required and shall use his best endeavors to promote the interest and welfare of the Company.

11) Ceasing of Office:- If any time the Whole-time Directors ceases to be Director of the Company for any cause whatsoever, he will ceases to be Whole time Director in terms of this appointment forthwith.

12) Notice period:-The appointment of the Whole-time Director can be terminated by either party giving 3 months notice and no severance fees will be payable to the Whole-time Director.

The Remuneration Committee and the Board of Directors of the Company in their Meeting held on 29th May, 2013 have decided to increase the remuneration of Mr. Madhusudan S. Jhunjunwala from Rs. 3,50,000/- per month to Rs.6,00,000/- per month with an annual increment of Rs.1,00,000/- with effect from 1st August, 2013 for his remaining period of appointment looking into the performance of the Company and the expansion of the business of the Company subject to the consent of the Members of the Company. Payment of perquisites and other terms and conditions of his appointment will remain same as stated above.

As per the provisions of Section 309 of the Companies Act,1956 and as per the provisions of Schedule XIII of the said Act, consent of the Members is required for appointment and payment of

remuneration to Whole-Time Director.

The Resolution set out at Item No. 6 of the Notice of the Meeting is meant for obtaining consent of the Members for increase in his remuneration. The Directors commend the Resolution for your approval.

This may also be treated as an abstract of the increase in the remuneration payable to the Whole-Time Director in terms of Section 302 of the Companies Act, 1956.

Mr. Madhusudan S. Jhunjunwala himself and Mr. Krishnakumar Jhunjunwala relative of Mr. Madhusudan S. Jhunjunwala are interested in the Resolution.

Item No. 3

To meet part of the increasing Working Capital requirements of the Company and to expand its scale of operations in the Wind Power and other overseas projects, the company will require funds by way of Loans/credit facilities from Banks/Financial Institutions and therefore Company will have to increase its borrowing limits from Rs. 250 Crores to Rs. 350 Crores. The Bankers have sanctioned a working capital limit of Rs. 158.00 Crores for the year 2013-14 and sanctioned additional SBLC facilities of US\$ 7.88 million. The Company has also availed USD 4.90 million Loan for new wind mills.

Looking all this the present borrowing limit is not sufficient and required to be increased. Taking into consideration the requirements of additional funds for the Company, it is expected that the borrowing limit of Rs. 250 crores sanctioned by the shareholders is likely to be exceeded.

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a company cannot borrow monies, apart from temporary loans obtained from the company's Bankers in the ordinary course of business, in excess of the aggregate of the paid-up share capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose except with the consent of the company in General Meeting,

The consent of the shareholders is, therefore, sought under provisions of Section 293(1)(d) of the Act, to enable the Directors to borrow monies to the extent of Rs. 350 crores. The Resolution under Sr. No. 7 is to obtain the consent of the shareholders for this purpose. Even with the proposed borrowing, the debt equity ratio of the Company will be within a reasonable limit.

The Directors commend this Resolution for your approval.

None of the Directors of the Company is concerned or interested in the Resolution.

Item No. 4

To meet part of the increasing Working Capital requirements of the Company and to expand its scale of operations in the Wind Power

ANNEXURE TO NOTICE

and other overseas projects, the company will require funds by way of Loans from Banks/Financial Institutions and therefore Company will have to increase its borrowing limits from Rs. 250 Crores to Rs. 350 Crores. The Bankers have sanctioned a working capital limit of Rs. 158.00 Crores for the year 2013-14 and also sanctioned additional SBLC facilities of US\$ 7.88 million. The Company has also availed USD 4.90 million for new wind mills.

Looking into this the Company has proposed to increase the limit of Loan/s from Rs. 250 Crores to Rs. 350 Crores and hence proposed

Place: Mumbai.
Date : 29th May, 2013

the Resolution under section 293(1)(a) at Sr.No.8 of the Notice of Annual General meeting for authorising Board of Directors to create mortgage on the Assets of the Company to create security in favour of Lenders.

The Directors commend this Resolution for your approval.

None of the Directors of the Company is concerned or interested in the Resolution.

For and on behalf of Board of Directors

(MADHUSUDAN S. JHUNJHUNWALA)
Chairman & Whole Time Director

NOTES

Lined area for writing notes, featuring horizontal lines and three light blue cloud illustrations.



SARLA PERFORMANCE FIBERS LIMITED

Registered Office: Survey No. 59/1/4, Amli Piparia 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
Twentieth Annual General Meeting of the Company to be held on Friday, the 13th September, 2013 at 11.30 a.m. and at any
adjournment thereof.

Signed this _____ day of _____ 2013.

Affix
Re. 1/-
Revenue
Stamp

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, Amli Piparia 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 Twentieth Annual General Meeting of the Company at the Registered Office situated at 59/1/4, Amli Piparia Industrial Estate, Silvassa - 396 230 U.T. of Dadra & Nagar Haveli, on Friday, the 13th September, 2013 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 _____

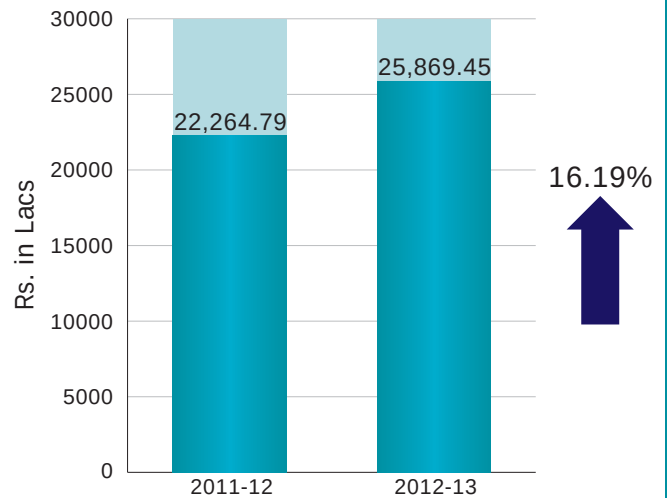
Signature of Shareholder

(PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING)

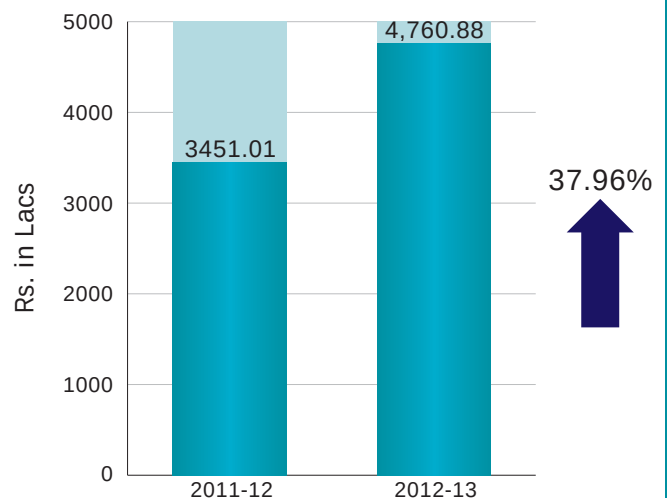
*Applicable for members holding shares in dematerialised form.

HIGHLIGHTS OF THE YEAR

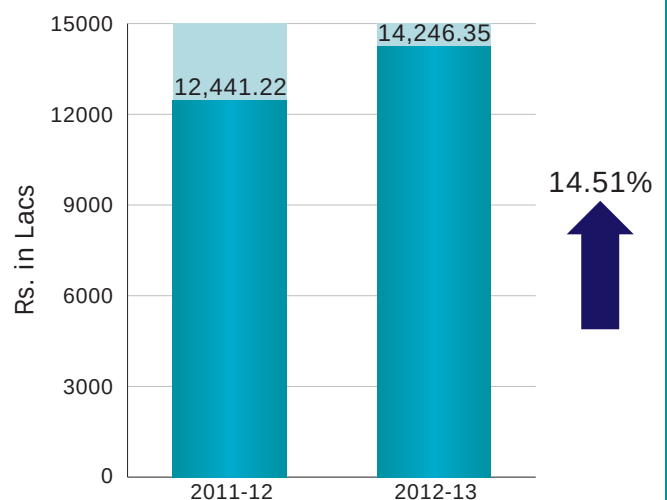
REVENUES



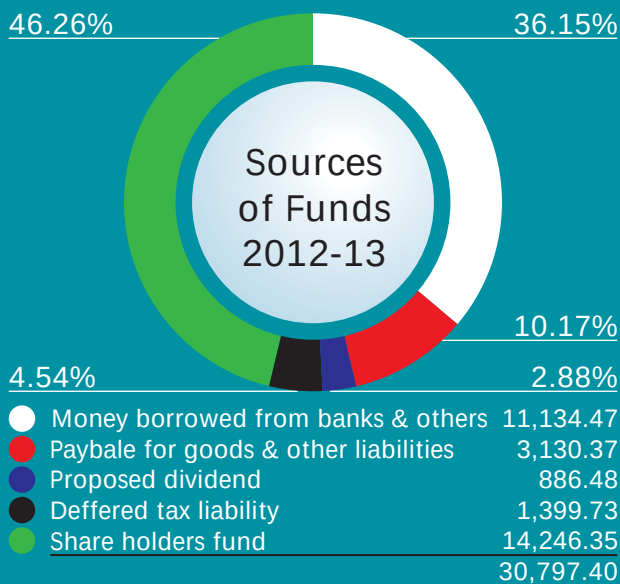
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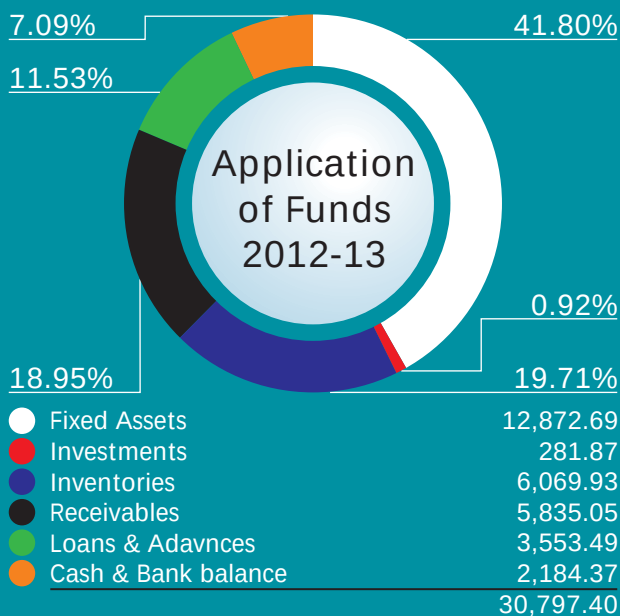
NET WORTH



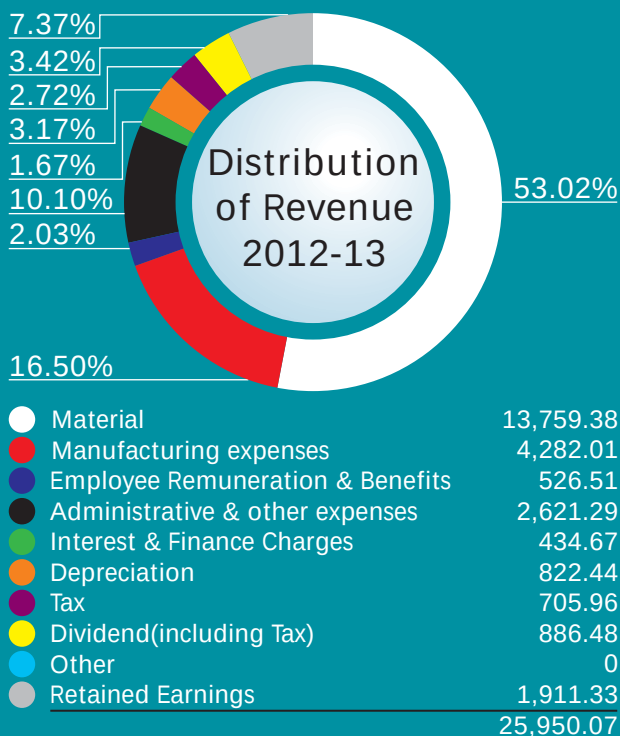
Sources of Funds 2012-13



Application of Funds 2012-13



Distribution of Revenue 2012-13



PRODUCTS AT GLANCE

TEXTURED NYLON YARN



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

TEXTURED POLYESTER YARN



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

TEXTURED SEWING THREAD



SPFL Sewing Threads caters to end applications such as Apparels, Swim Wear, Lingerie, Fleece Goods, Towels and Wash Clothes, Table Cloths and Placemats, Sheets and Pillow Cases.

HIGH TENACITY YARN



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

COVERED YARN



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

