



sensible growth

2010 - 11  
18th ANNUAL REPORT



## Cover Page Theme : sensible growth

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



### From exports to global operations

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

### Performance yarns - Unrelenting Focus

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

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

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



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## Board of Directors:

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

## Company Secretary:

Manish Agarwal

## Audit Committee:

Arun Vaid	Chairman
Madhusudan Jhunjunwala	Member
Jigar A Shah	Member

## Auditors:

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

## Bankers:

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

## Registered Office:

Survey No. 59/1/4, 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](http://www.sarlafibers.com)

## Investors services e-mail id:

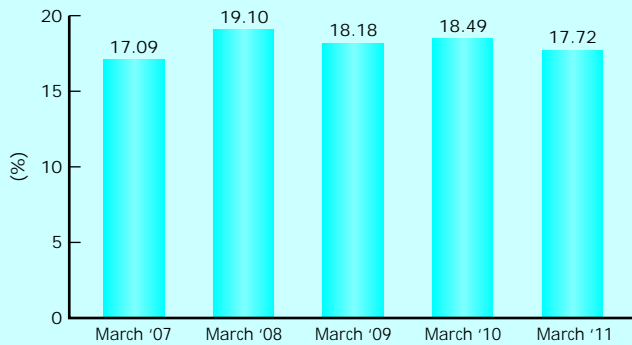
[investors@sarlafibers.com](mailto:investors@sarlafibers.com)

## Registrars & Transfer Agents:

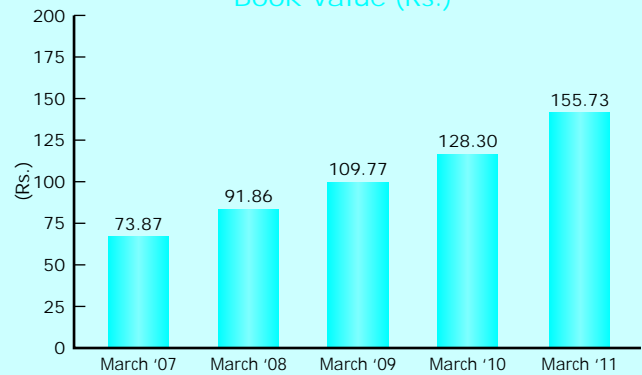
M/s. Sharex Dynamic (India) Pvt. Ltd., 17/B,  
Dena Bank Building, 2nd Floor, Horniman Circle,  
Fort, Mumbai - 400 001.

## PERFORMANCE AT A GLANCE - CONSOLIDATED

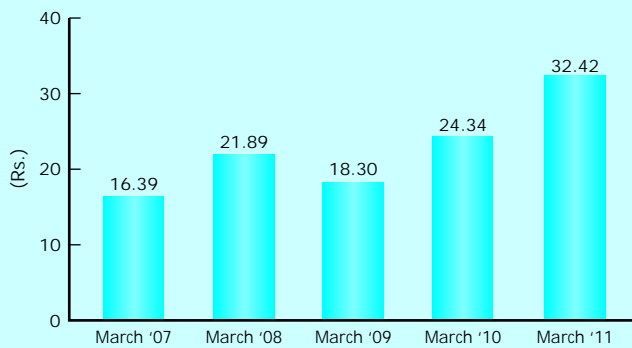
Operating Profit Margin (Excl.O.I.) (%)



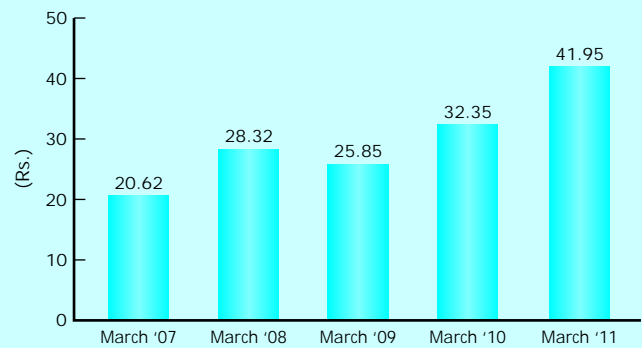
Book Value (Rs.)



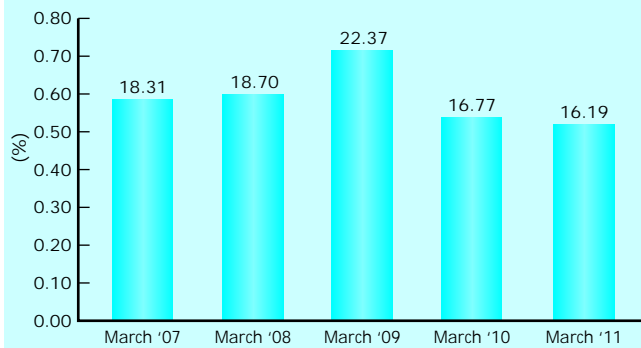
Earning Per Share (Rs.)



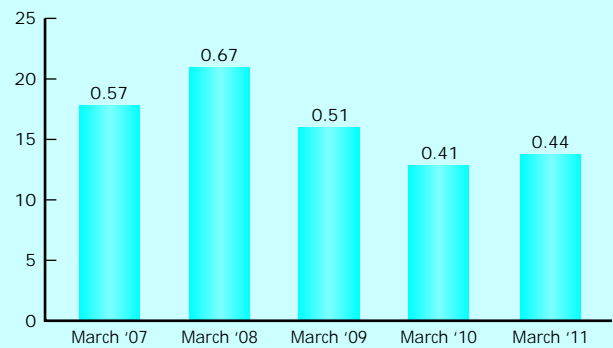
Cash Earning Per Share (Rs.)



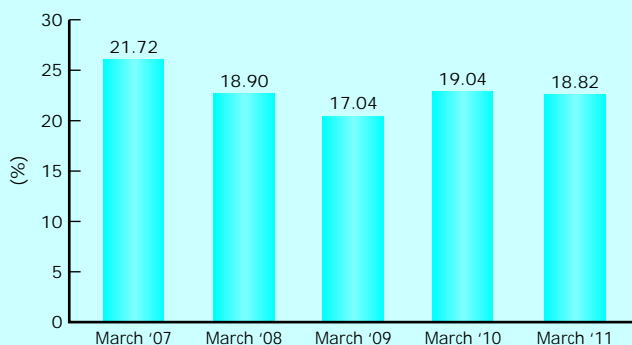
Dividend Payout (%)



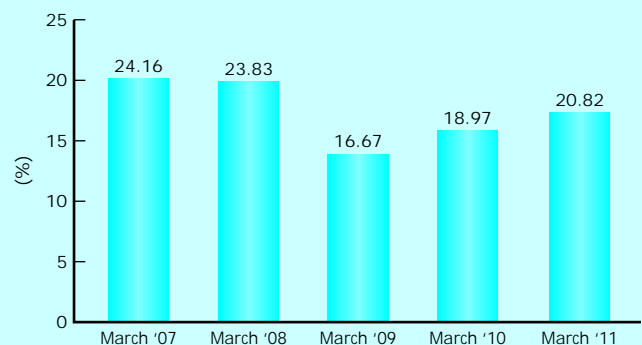
Debt / Equity



Return on Cap. Employed (%)



Return on Avg. Net Worth (%)



## FROM THE DESK OF MANAGING DIRECTOR

Dear Shareholders,

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

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

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

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

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

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

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



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

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

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

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

Sincerely,  
Krishnakumar M. Jhunjhunwala

*sensible growth*

## DIRECTOR'S REPORT

To,  
The Members,

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

## 1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2010-11	2009-10
Total Income	15,993.54	13,245.18
Profit before Financial Charges and Depreciation	2,501.16	2,345.61
Less: Financial Charges	<u>184.66</u>	<u>234.43</u>
Depreciation	<u>586.45</u>	<u>512.52</u>
Profit before Tax	1,730.04	1,598.67
Less: Provision for Tax	220.00	400.00
Provision for Deferred Tax	269.12	70.20
Provision for Wealth Tax	0.25	0.04
Profit after Tax	1,240.67	1128.43
Prior period Adjustments	0	0
Balance brought forward	3831.27	3,292.46
Short Provision of Income Tax of earlier years	0	5.62
Surplus available for appropriation	5,071.94	4,415.27
APPROPRIATION		
Transfer to the General Reserve	300.00	300.00
Dividend @ 45% (P.Y. 35%)	312.76	243.26
Dividend Tax	51.95	40.40
Balance carried forwarded to the Balance Sheet	4,407.23	3,831.60

## 2. BUSINESS PERFORMANCE

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

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

## 3. MANAGEMENT DISCUSSION &amp; ANALYSIS

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

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

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



## DIRECTOR'S REPORT

### a. Business Overview:

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

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

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

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

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

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

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

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

### Segment Break Up

(% of Total Sales)

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

### Geographical Break Up

(% of Total Sales)

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

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

### b. Opportunities and Threats:

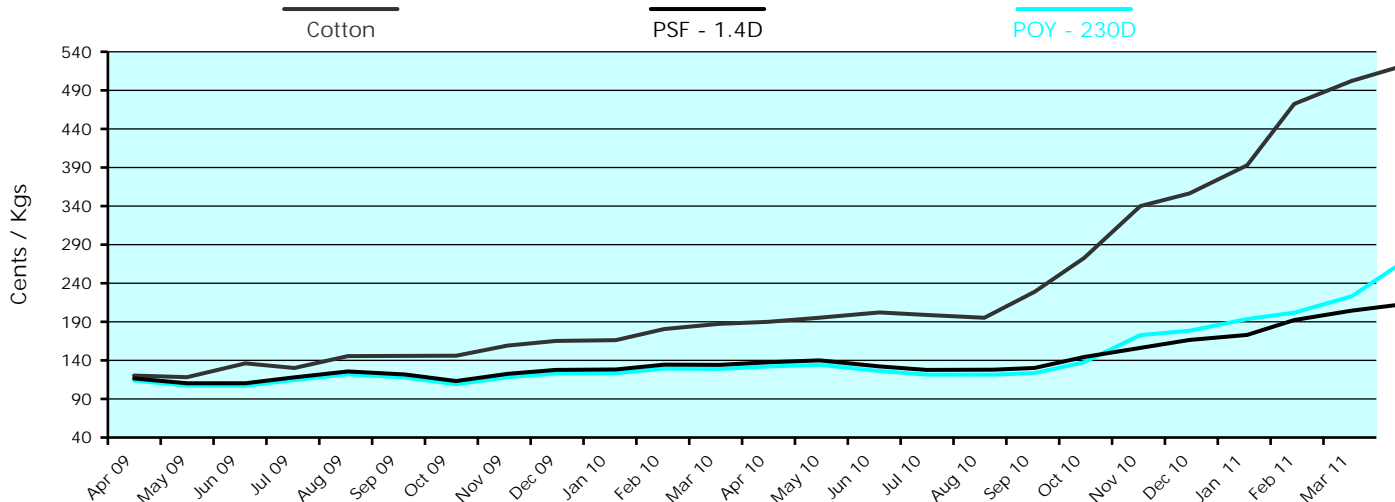
For FY11, textile exports grew by 15% to US\$ 20.5 billion. This can be partly attributed to some appreciation in the Chinese Yuan vs the US\$ and partly to increasing cost of Chinese products. FY11 was one of the best years for the POY industry in India due to 40% increase in yarn price. Given that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

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

*sensible growth*

## DIRECTOR'S REPORT

Graph showing POY and Cotton yarn price for FY11



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

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

## c. Outlook:

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

reach.

## d. Financial Performance:

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

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

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

Note: standalone performance comparison.

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

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

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

below 6%.

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

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

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



## DIRECTOR'S REPORT

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

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

### e. Risks and Concerns:

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

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

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

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

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

The company has in place reasonable system of internal control comprising authority levels and powers, supervision, checks and balances, policies, procedures and internal audit. The system is reviewed and updated on an on-going basis. The company is continuously upgrading its internal control systems by measures such as strengthening of Information Technology infrastructure and use of external management consultant services.

### g. Material Development in Human Resources/Industrial Relations:

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

### h. Capital Expansion and Investment:

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

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

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

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

*sensible growth*

## DIRECTOR'S REPORT

## Performance Analysis... (Contd.)

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

## j. Value Added Statement

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

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

## 4. SUBSIDIARY COMPANIES AND JOINT VENTURES

Sarla Overseas Holdings Limited

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

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

Sarla Europe

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

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

MRK SA De CV

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

Sarla Tekstil Filament Sanayi Ve Tic.

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

## 5. CONSOLIDATED RESULTS

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