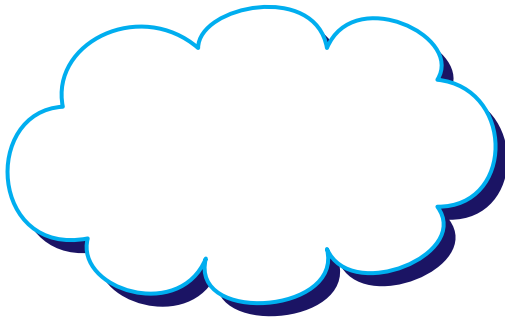




Dream. Believe. Create.



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:

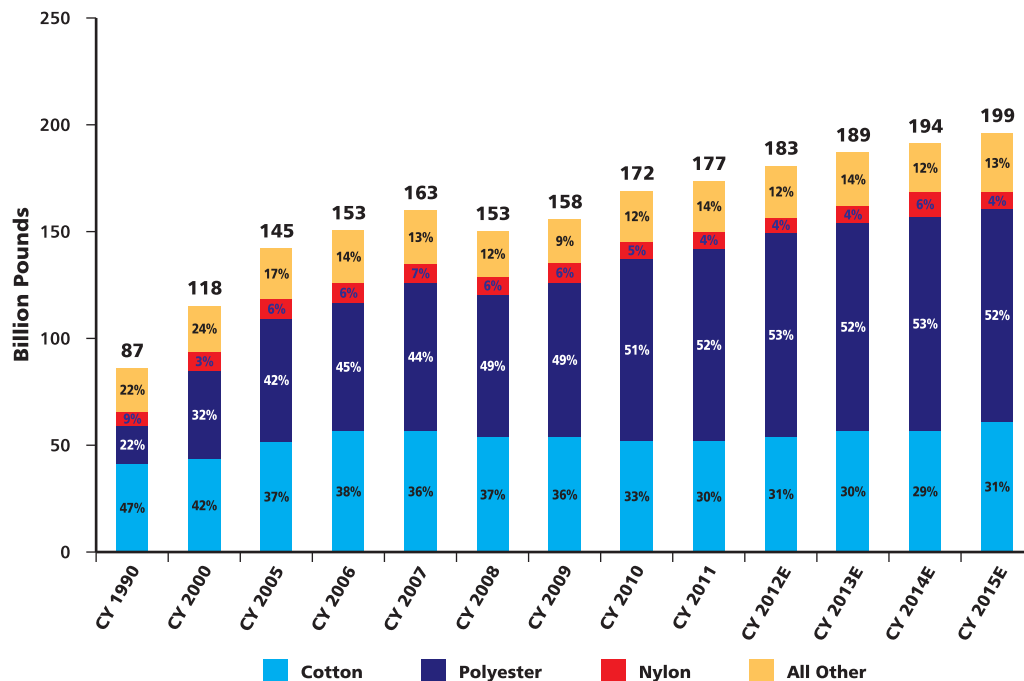
M/s. Sharex Dynamic (India) Pvt. Ltd.,
Unit - 1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai - 400 072.

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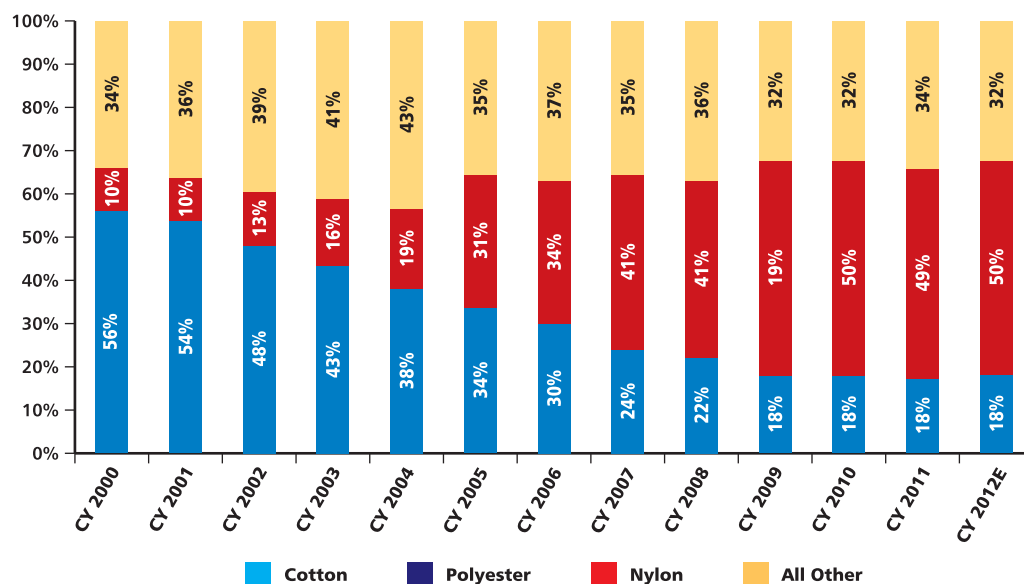
TEXTILE FIBER MARKET (GLOBAL, USA) AND SPFL'S STRATEGY CONSUMPTION OF MAN-MADE FIBER TO INCREASE

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.

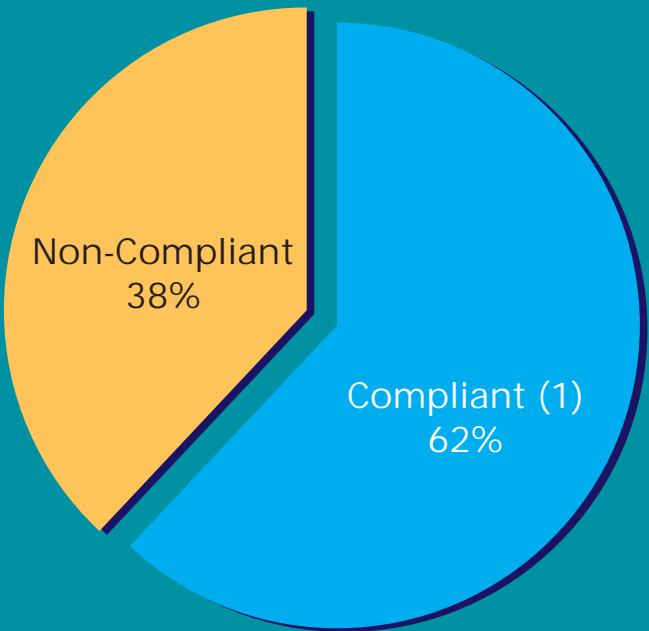


SPFL is betting on return of textile manufacturing in the US. Over the past 12 years, US lost almost half of its total apparel manufacturing to China in the lure of out sourcing. Now, as the Chinese manufacturing is losing cost advantage and policies are favourable for manufacturing in the US, new textile 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.

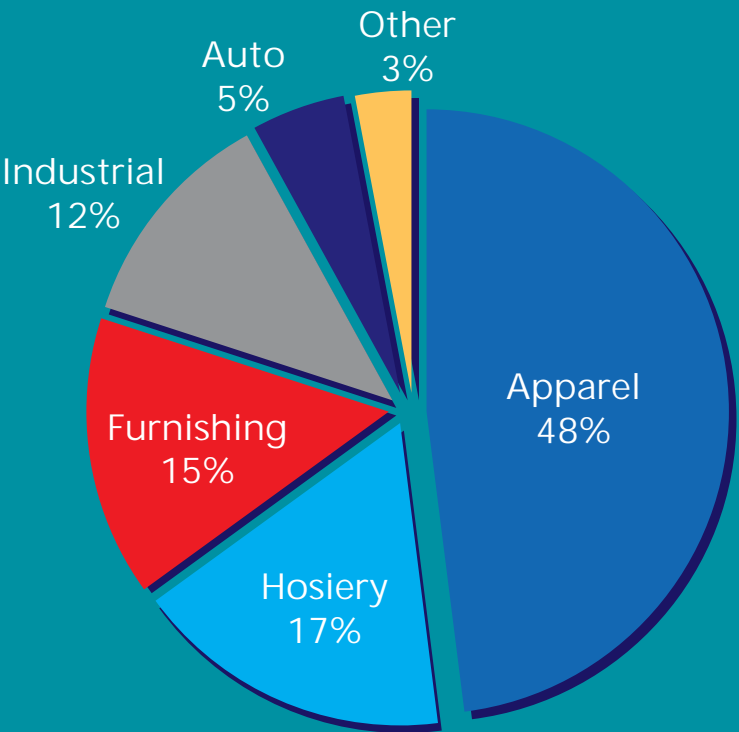
Sarlaflex will supply compliant yarn; Creating edge over Asian peers and also large scope to grow. Currently, of all the yarn consumed in the US, 62% comes from compliant market i.e. from the US, NAFTA and CAFTA areas whereas the balance comes from Non compliant market. With its direct entry, Sarla Flex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



COMMISSIONING OF SARLAFLEX, USA PLANT AT WALTERBORO, SOUTH CAROLINA



FIRST CONTAINER



DIGGING THE FOOTING



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