

Work is *Love* made visible



17th ANNUAL REPORT 2009-10



“Work is *Love* made visible”

We dedicate this annual report to our people who have made it so visible that they love their work and it is speaking through the company’s consistent performance.

Our theme of this year is chosen from the excerpts of the great Khalil Gibran’s immortal writings. It goes so well with the culture and philosophy of our organization since inception and stood out very evidently in the last 2 years of global strife and crisis.

Work is love made visible.

Life is indeed darkness save when there is urge,
And all urge is blind save when there is knowledge,
And all knowledge is vain save when there is work,
And all work is empty save when there is love;

And when you work with love you bind yourself to yourself, and to one another, and to God.

As leaders, it is our job to help people understand the need for passion in what they do. Without that passion, the work becomes a chore, it becomes something that is hard to achieve and it becomes an uphill struggle. However, when we find our ability to love what we do, our work becomes a demonstration of our love; the work is love made visible.

‘Work is love made visible’ is a frame of mind that centers around what you bring to your work rather than what you take from it. It creates a sense of purpose and desire that raises everything around it. In other words, it improves quality, improves service delivery, increase productivity and of course all of this makes for a profitable business. The difference is the effort comes from within rather than from an external force pushing for improvements.

‘Work is love made visible at Sarla Performance Fiber’

We being an exporter the global gloom of last year made it very tough. However, the love for work in our team made it possible not only to survive but very profitably. The work that we did was like a self chosen pain and therefore it did not hurt us but rather healed. The critical work done on processes in our plant and much needed training/orientation to people will become the stepping stone of our success in the next phase. We will emerge bigger, better than our past size and growth largely due to some of the invaluable learning of last 2 years of crisis.



CORPORATE GOVERNANCE REPORT

INTRODUCTION

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

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

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long term shareholder value and enhances

Windpower uses less land than any other renewable energy option, but it is the most visible on the horizon.

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, 2009 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 2009-10		Attendance at the last AGM	No. of Directorship in other Public Companies incorporated in India	Committee positions held in other Public Companies
		Board Meetings Held	Board Meetings Attended			
Mr. Madhusudan S. Jhunjhunwala	Chairman - Executive - Promoter	9	9	Yes	—	—
Mr. Krishnakumar M. Jhunjhunwala	Managing - Director - Promoter	9	5	Yes	—	—
Mr. Sanjay Karandikar	Director-Non Executive - Independent	9	8	No	—	—
Mr. Arun Vaid	Director-Non Executive - Independent	9	9	Yes	—	—
Mr. Jigar A. Shah	Director-Non Executive - Independent	9	8	No	—	—

During the year under review, 9 Board Meetings were held on 15th May,2009, 30th June 2009,31st July,2009,3rd Oct,2009, 31st Oct, 2009, 22nd Dec 2009, 23rd Jan 2010, 8th Feb,2010 & 27th March,2010.

Relationship among the Directors

Mr. Madhusudan S. Jhunjhunwala and Mr. Krishnakumar M.

Jhunjhunwala, 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

CORPORATE GOVERNANCE REPORT

during the year. A declaration to the effect signed by the Chairman forms part of this Report.

During the year under review, Five meetings of the Audit Committee were held on 15th May 2009, 30th June 2009, 31st July, 2009, 31st Oct, 2009 and 23rd Jan 2010. The composition of the committee and attendance at its meetings is given below :

4. AUDIT COMMITTEE

Name of Directors	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Madhusudan S. Jhunjhunwala - Member	Executive	5	5
Mr. Arun Vaid - Chairman	Non-Executive	5	5
Mr. Sanjay Karandikar - Member	Non-Executive	3	3
Mr. Jigar A. Shah - Member	Non-Executive	2	2

Terms of reference of the Audit Committee is the same as specified in Section 292 A of the Companies Act 1956 and as per the Corporate Governance.

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 consists of Mr. Arun Vaid, Mr. Sanjay Karandikar and Mr. Jigar A. Shah, Independent Directors as members of the Committee. During the year Meeting of Remuneration Committee was held on 3rd Oct, 2009. The Meeting was attended by Mr. Arun Vaid, Mr. Sanjay Karandikar and Mr. Jigar A. Shah.

The details of sitting fees paid to the Directors during the year 2009-10 are given below:-

Name of Directors	Sitting Fees (Rs.)
Mr. Arun Vaid	16,000/-
Mr. Sanjay Karandikar	14,000/-
Mr. Jigar A. Shah	15,000/-

Company has paid a remuneration of Rs.30,00,000.00 to Mr. Krishnakumar M. Jhunjhunwala, Managing Director and Rs. 20,00,000.00 to Mr. Madhusudan S. Jhunjhunwala, Chairman & Whole Time Director of the Company during the financial year 2009-2010.

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 2005
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. Sanjay Karandikar.

During the year no Meeting of Investors' Grievance Committee was held because there was no matter took place which required consideration by the Investors' Grievance Committee during the year.

The Compliance Officer of the Company, Mr. Manish Agarwal 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

The predictability and reliability of wind in certain areas has led to the exploitation of this natural flow of energy since ancient times. Wind has been used as a source of energy at least since the invention of sails more than 5,000 years ago.

CORPORATE GOVERNANCE REPORT

E-mail: manish@sarlafibers.com

Website: www.sarlafibers.com

During the year, no complaints were received from the shareholders, however we have received letters for re-validation of Dividend Warrants, Non-Receipt of Dividend Warrants/Share

Certificates etc. and the same have been attended within the stipulated time.

7. GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings:

AGM for the Financial Year	Date	Time	Venue
2006-07	28th September 2007	11:30 a.m.	Registered Office of the Company: Survey No. 59/1/4, Amla Piparia Industrial Estate, Silvassa - 396 230 U.T. OF D. & N. HAVELI.
2007-08	30th September 2008	11:30 a.m.	
2008-09	29th September 2009	11:30 a.m.	

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

8. DISCLOSURES

- * Disclosure on materially significant related party transactions.

Please refer note 15 of the Schedule 20 to the Accounts. These transactions do not have any potential conflict with the interest of the Company at large.

- * CEO/CFO Certification

A certificate from the CEO and CFO, in terms of Clause 49(V) of the Listing Agreement was placed before the Board, at the Meeting held to approve the Audited Annual Accounts for the year ended.

- * Non-Mandatory Requirements:

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

- A. The Chairman of the Board of Directors of the Company is an Executive Director and None of the Independent Directors of the Company has a tenure of exceeding nine years on the Board of the Company.

- B. As the financial Results of the Company are published in the leading Newspapers, Company is not sending half-yearly financial results to each Shareholder of the Company.
- C. During the financial year 2009-2010 there is no Audit qualification in the Company's financial Statements.
- D. The Company has a remuneration Committee which conforms all the requirement of Corporates Governance.
- E. The Company does not have any formal system to evaluate the performance of non-executive Directors.
- F. The Company has not established a whistle Blower Policy.

9. MEANS OF COMMUNICATION

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

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

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

10. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	
Date and Time	Refer notice of Annual General Meeting.
Venue	Refer notice of Annual General Meeting.
Date of Book Closure	Refer notice of Annual General Meeting.
Financial Calendar	1st April 2009 to 31st March 2010 The results will be published as under : First Quarter Before 14th of August, 2010 Second Quarter Before 15th of November, 2010 Third Quarter Before 15th February, 2011 Fourth Quarter/Annual Last week of May, 2011
Dividend payment date	Refer notice of Annual General Meeting.

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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
- SARLAPOLY

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

11. MARKET PRICE DATA:

Monthly high/low during the year 2009-2010 on the Bombay Stock Exchange and National Stock Exchange.

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	45.95	30.00	47.00	29.15
May 2009	64.00	39.00	70.40	40.25
June 2009	67.50	52.55	70.00	45.10
July 2009	66.90	48.25	67.00	48.00
August 2009	65.00	53.55	66.90	47.50
September 2009	76.70	61.45	78.80	60.40
October 2009	66.35	53.60	67.00	55.20
November 2009	71.00	56.80	76.50	54.50
December 2009	75.80	64.45	77.00	61.25
January 2010	90.90	69.60	83.15	71.15
February 2010	95.90	72.35	96.40	73.05
March 2010	92.90	75.00	94.00	74.60

Chart of Company Share Prices compared to BSE Sensex.

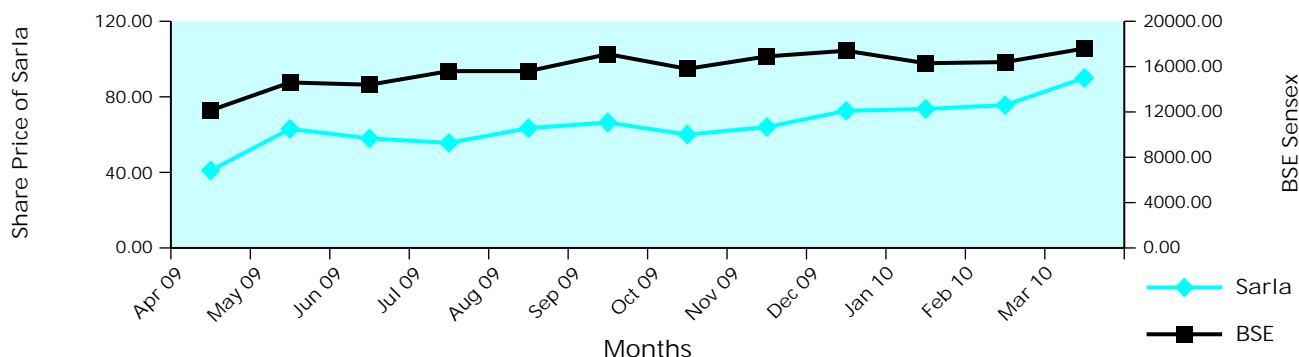
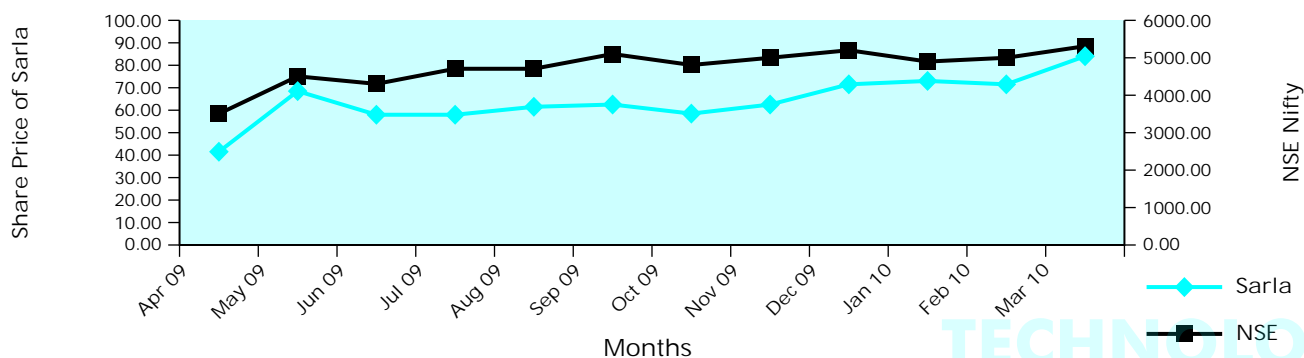


Chart of Company Share Prices compared to NSE Nifty Index.



CORPORATE GOVERNANCE REPORT

12. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2010

Shares of Nominal Value (Rs.)		Shareholders		Total Amount (Rs.)	
From	To	Number	% to Total	Number	% to Total
1	5000	2673	85.07	4,585,920.00	6.60
5001	10000	185	5.89	1,505,080.00	2.17
10001	20000	109	3.47	1,652,960.00	2.38
20001	30000	50	1.59	1,283,100.00	1.85
30001	40000	16	0.51	568,210.00	0.82
40001	50000	17	0.54	804,300.00	1.16
50001	100000	48	1.53	3,709,280.00	5.34
100001 and above		44	1.40	55,394,150.00	79.70
Total		3142	100.00	69,503,000.00	100.00

13. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2010

Shares of Nominal Value (Rs.)	Shareholders	Total Amount (Rs.)
Promoters	4,366,696.00	62.827
Mutual Funds & UTI	2,050.00	0.029
Fins / Banks	50.00	0.001
FII(S)	0.00	0.000
Private Corporate Bodies	678,542.00	9.763
Indian Public	1,699,307.00	24.449
Non Residence Indians	193,026.00	2.777
Any other (Clearing Members)	10,679.00	0.154
Total	6,950,300.00	100.000

14. DEMATERIALISATION OF SHARES

95.85% of the total equity capital of the Company was held in dematerialised form. as on 31st March, 2010.

15. SHARE TRANSFER SYSTEM

All Share Transfer and other Correspondence regarding share Certificates, Change of Address, Dividends etc. should be addressed to Registrar & Transfer Agent. Request for transfer of Share transfer in physical form should also be lodged with the Registrar & Transfer Agent.

16. ADDRESS FOR INVESTORS/ANALYST CORRESPONDENCE

1. 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

2. With the Registrar :

M/s. Sharex Dynamic (India) Pvt. Ltd.,

17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001

Tel: 2270 24 85 / 2264 1376

DECLARATION

I, Madhusudan Jhunjhunwala, Chairman & Whole-Time Director of the Company, hereby declare that all the Members of the Board of Directors and Senior Management personnel of the Company have affirmed Compliance with the Code of Conduct for the year ended 31st March, 2010.

For SARLA PERFORMANCE FIBERS LIMITED

(MADHUSUDAN S. JHUNJHUNWALA)
Chairman & Whole Time Director

Place: Mumbai.

Date : 17th May, 2010

CORPORATE GOVERNANCE REPORT

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, for the year ended 31st March, 2010 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 : 17th May, 2010

M. B. DESAI
Partner
Membership No. 33978



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