

Sarla Performance Fibers Ltd.

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info@sarlafibers.com
CIN : L31909DN1993PLC000056



100% EOU
www.sarlafibers.com

1st June, 2016

BSE Limited

Corporate Relationship Department
1st Floor, New Trading Ring,
Phiroze Jeejeebhoy Towers, Dalal Street,
Fort, Mumbai – 400001
Fax No.: 2272 3121 / 2272 2037
Security Code: 526885

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400051
Fax No.: 2659 8348 / 2659 8237
Symbol: SARLAPOLY

Sub:- Intimation of Information under Regulation 46 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015

We wish to inform you that the Company proposes to have a meeting (one on one or group basis) with following institutions/ funds on 2nd June, 2016 in Mumbai:

ICICI Pru MF

Tata MF

HDFC MF

Bajaj Allianz Life

Bharti Axa Ins

LIC MF

M3 Investment

IndiaBulls MF

Sundaram MF

Ellara Capital

Taiyo Pacific Partners

Malabar Investment

Ellara Capital

Birla MF

We are forwarding herewith Corporate Presentation for Q4 and financial year ended 31st March, 2016 which the company intends to use for above mentioned meeting.

We request you to kindly take the same to your record and make the above information public by disclosure on your websites.

Thanking You,

Yours Faithfully,

For Sarla Performance Fibers Ltd

Company Secretary

Encl.: As stated above



Regd. Off. & Works 1:
Survey No. 59/1/4.
Amli Piparia Industrial Estate,
Silvassa - 396 230, U.T. Dadra & Nagar Haveli
(O) +91 260 3290467
(F) +91 260 2631356
silvassa@sarlafibers.com

Works 2:
Survey No. 64/2/3/4,61/1,61/2,62/5,63/5,63/7,
Amli Piparia Industrial Estate,
Silvassa - 396 230, U.T. Dadra & Nagar Haveli
(O) +91 260 3290467
(F) +91 260 2631356
silvassa@sarlafibers.com

Vapi Works:
Shed No. A1/48,
100 Sheds Area,
GIDC, Vapi - 396 195 (Gujarat)
(O) +91 260 3290953
(F) +91 260 2453507
vapi@sarlafibers.com



Management Presentation

May 2016

Safe Harbour

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Table Of Contents

- **Company Overview**
- **India Operations**
- **Overseas Operations**
- **Growth Plans**
- **Financials**

Table Of Contents

➤ **Company Overview**

➤ *India Operations*

➤ *Overseas Operations*

➤ *Growth Plans*

➤ *Financials*



Sarla at a Glance

Manufacturer of *Specialized & High Margin* Polyester Yarn & Nylon Yarn

Amongst the First manufacturers of covered yarn & now one of the *Largest in India*

Only company in India to manufacture *Nylon 66*, a high tenacity & low shrinkage product

Supplies to **116** customers in over **45** countries in **6** continents

Long standing relationships with leading *Global Players* like Hanes Brands, Gildan, Renfro, American & Efird, Delta Galil, Coats & Jockey

Overseas *Joint ventures* & growing *US manufacturing facility*

Presence of Manufacturing & Distribution hub in close proximity to demand centres globally

Products with *High Value Add & Applications*

Brief Highlights

Background

- Commenced operations in **1995** as a manufacturer of commodity yarns
 - Progressed to specialized and higher value added yarns
- **100% EOU:**
 - Focus on high margin specialty polyester & nylon yarns
- **Products application:**
 - Narrow Fabrics, Hosiery, Innerwear & Sportswear
 - Threads
 - Industrial Yarns
- **Nylon 66:**
 - Pilot plant set up at Silvassa facility

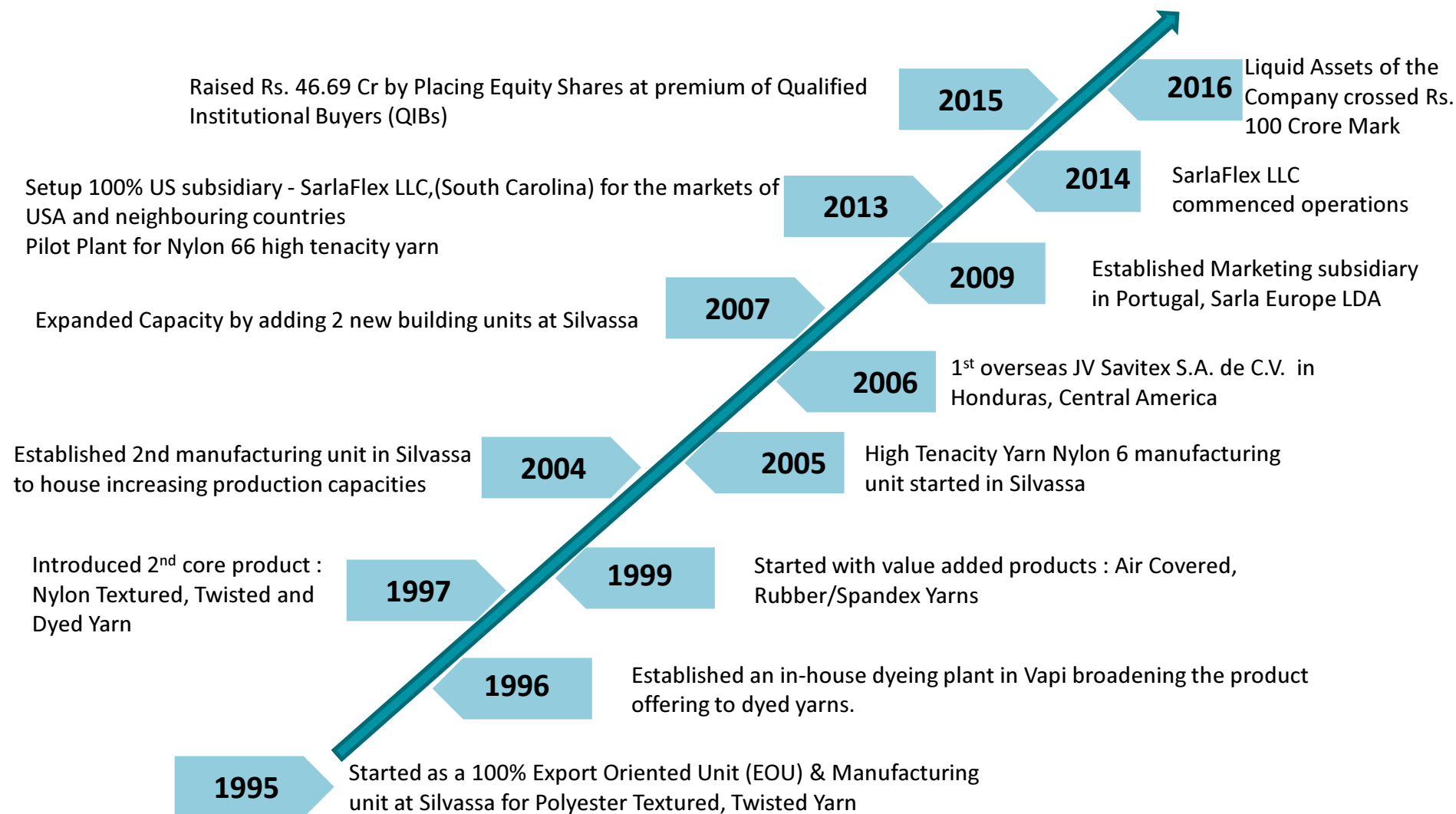
Presence

- **India:**
 - Silvassa: 2 manufacturing facilities; capacity 11,900 TPA
 - Vapi: In-house dyeing plant Capacity 3,200 TPA
 - Wind mills with capacities in
 - Maharashtra Satara (2MW), Sangli (4MW),
 - Gujarat Vapi (1.25 MW)
 - Madhya Pradesh Ratlam (3 MW).
- **Europe & South America:**
 - Marketing offices in Portugal commenced in 2009
- **USA:**
 - Plant set up in South Carolina in 2013; capacity 30 tons per day

Financials

- **Last 10 years CAGR:**
 - Revenue: 12%
 - EBITDA: 14%
 - PAT: 15%
- ~15% EBITDA margin consistently
- Operating cash flows prudently deployed back into the business
 - For enhanced productivity and efficiency

Key Milestones



Management Team

Madhusudan Jhunjhunwala
Chairman & Whole Time Director



- Commerce graduate with more than 50 years of experience in cotton trading
- Has been president of Bombay Cotton Merchants and Muccadams Association, Western Indian Chambers of Commerce and also the director of East India Cotton Association

Krishnakumar Jhunjhunwala
Managing Director & CEO



- Commerce Graduate from University of Mumbai with more than 25 years of experience in textile industry
- Engaged in all aspects of Production, Planning, Marketing & Operations
- Actively participates in the key financial decisions of the Company

Ms. Neha Jhunjhunwala

Director

- BMS from University of Mumbai & Master's in Marketing & Strategy from University of Warwick, London
- Currently involved in managing Business Development, Operations & HRD

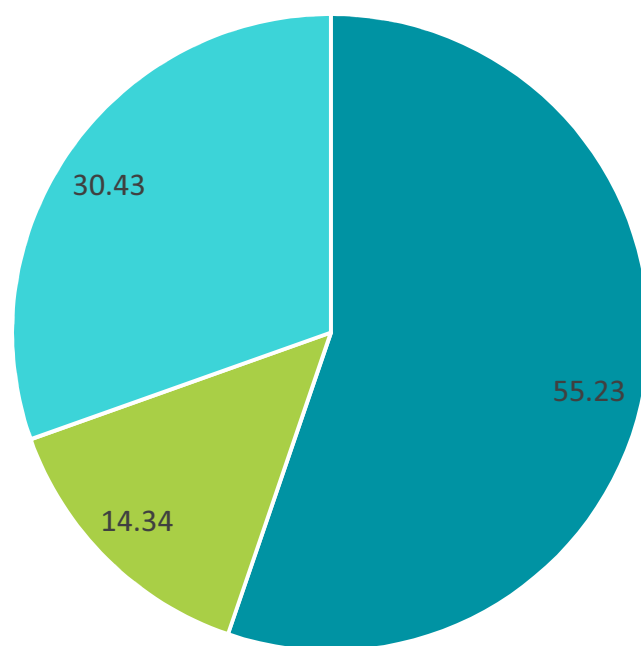
Mr. Mahendra Sheth

CFO & Company Secretary

- FCA, ACS, B Com and LLB from University of Mumbai
- 35 years of experience in the field of Accounts, Finance & Secretarial

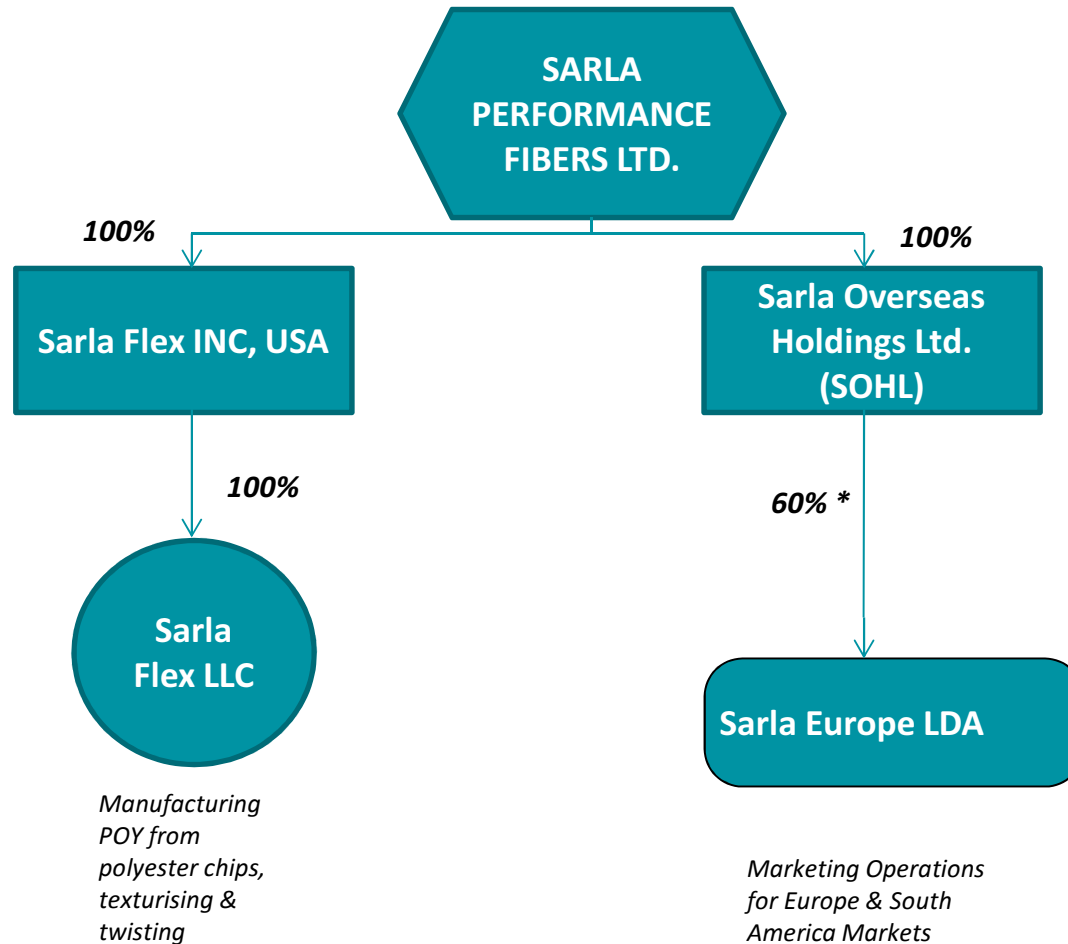
Shareholding as at 31st March, 2016

Shareholding



■ Promoters ■ Mutual Funds ■ Public & Others

Overview Of Key Subsidiaries



Key Products

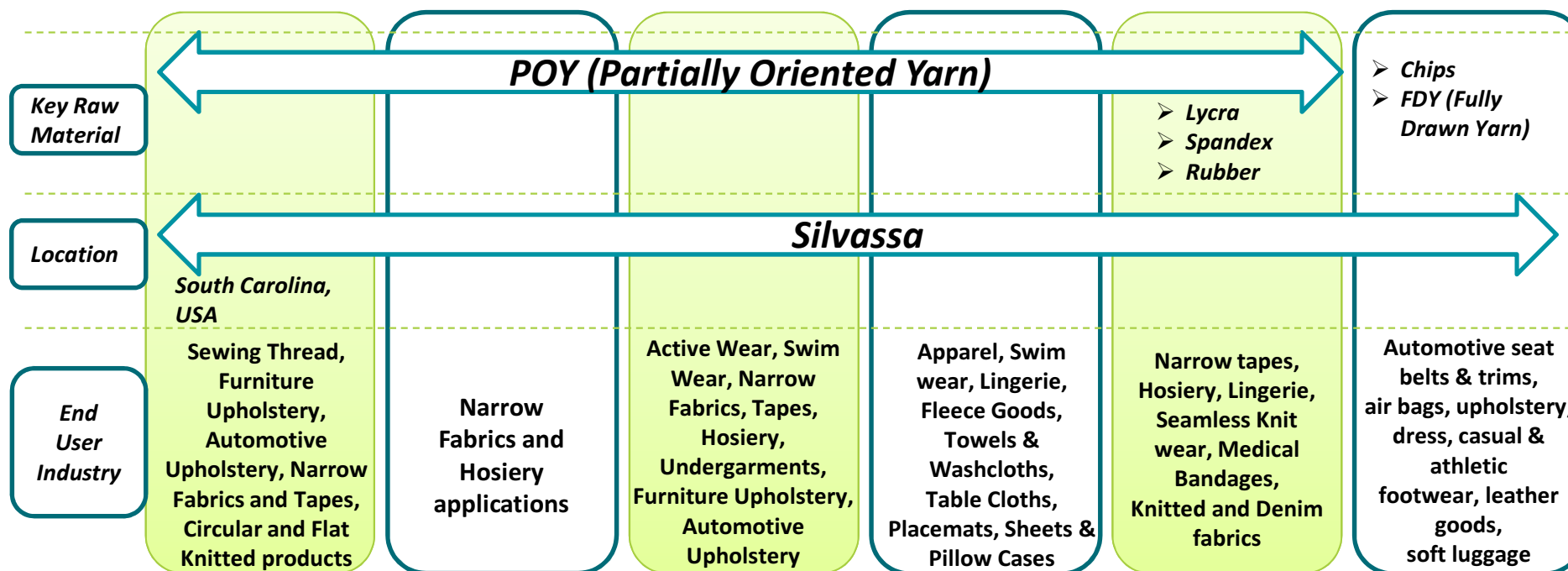


Table Of Contents

➤ *Company Overview*

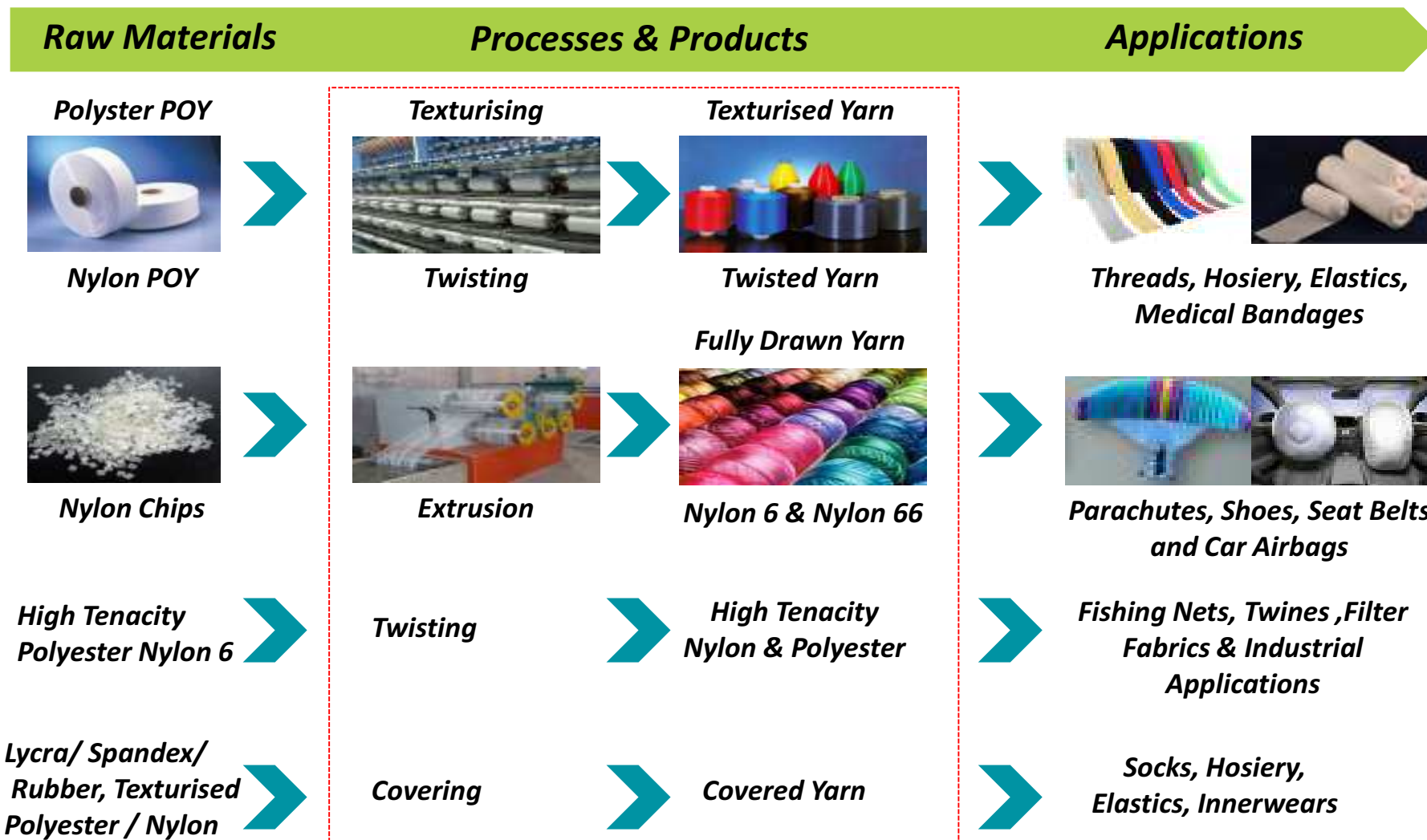
➤ **India Operations**

➤ *Overseas Operations*

➤ *Growth Plans*

➤ *Financials*

High-End Application products produced in India



Manufacturing Facility - India

Silvassa



Facility Highlights

- 2 facilities next to each other
- Installed Capacity of 11,900 TPA
- Can produce **250** different varieties of Polyester & Nylon Yarn

Product Offering

- Textured Polyester Yarn
- Bulkion
- Textured Nylon Stretch Yarns
- Covered Yarns
- High Tenacity Yarns

12 KM distance between facilities

Vapi



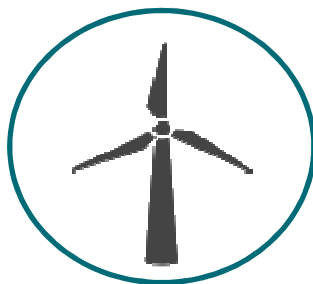
Facility Highlights

- In-house dyeing facility
- Installed Capacity of 3,200 TPA
- State of the art technology
- Computer shading matching and developing new colours

Highlights

- Increased product offering to Dyed Yarn
- Expansion, upgradation & modernisation undertaken in 2010

Wind Power Business



Efficient Wind Power Operations

<i>Place</i>	<i>Year Of Commissioning</i>	<i>Capacity (in MW)</i>
Baradiya, Gujarat	2010	1.25
Satara, Maharashtra	2011	2.0
Sangli, Maharashtra	2012	4.0
Ratlam, Madhya Pradesh	2016	3.0
Total Installed Capacity		10.25



Captive Use for Dyeing facility in Vapi



Agreement for Power Procurement with private entities



Sale to MP Board, PPA for 25 Years

Profitable Wind Power Business

- *Increased utilization of wind turbines & sale of renewable energy certificates benefiting Power income*
- *Limited CAPEX requirement makes it a cash positive business*
- *CAPEX per MW ~Rs.6 crores*
- *Current plant load factor at ~23-25%*

Table Of Contents

➤ *Company Overview*

➤ *India Operations*

➤ **Overseas Operations**

➤ *Growth Plans*

➤ *Financials*

Overseas Subsidiaries

Sarla Overseas Holdings Ltd. (SOHL)

60%

Sarla Europe LDA, Portugal

- Entered in joint venture in 2009
- Operates as a marketing subsidiary in Portugal
- Services customer requirements of European & South American Region

SarlaFlex INC

100%

SarlaFlex LLC

- Subsidiary of Sarla Performance Fibers Ltd. (SPFL)
- In 2013, SPFL entered US markets through SarlaFlex LLC
- Installed capacity of 9,900 TPA for POY and 4,400 TPA for Twisted Yarn
- Duty free benefits on goods manufactured inside the US as per NAFTA & CAFTA

Manufacturing Facility - USA

Charleston, South Carolina



Benefits

- NAFTA & CAFTA treaties, allows waiver of duties upto 32% on synthetic garments manufactured in North or Central American region using US origin yarn when exported back into the United States
- **Proximity & Visibility** to customers
- **Lower** Logistics & Power
- **Lower** Cost of Borrowing

Highlights

- Current Capacity of **9,900 TPA**
- Commenced Production in **Dec 2013**
- Products: Partially Oriented Yarn (POY) & Textured Polyester Yarn
- First POY plant in USA since 1998

Facility Details:

- **Land Cost of Rs 4 Crores to be paid over 7 years**
- **Details**
 - Spread over 42 acres
 - Constructed area of 3.3 lakh sqft

USA: Strategic Location

- ~99% of the decision makers of textile industry with global brand presence are in the USA
- Presence in USA builds confidence & helps develop business with large customers
- Sarla is the only player in this sector to have manufacturing presence in USA & India

Focus of US Manufacturing

Raw Materials

Processes & Products

Applications

Polyster chips



Texturising



Twisting

**Texturised
& Twisted Yarn**



**Solution Dyed
Yarn**



**Fabrics/ Elastics,
Mattress Ticking
Apparel & Industrial
Application**

Global Presence



Table Of Contents

➤ *Company Overview*

➤ *India Operations*

➤ *Overseas Operations*

➤ **Growth Plans**

➤ *Financials*

Growth Drivers

- Optimisation of US Facility by increasing current capacity utilisation from ~30% to 100% going forward.
- Expand the Installed Capacity of Partially Oriented Yarn (POY) from the Current 9,900 TPA to 18,150 TPA by 2019.
- Set up Manufacturing capability of Fully Drawn Yarn with initial installed capacity of 1,980 TPA and gradually increase it to 3,960 TPA by 2019.
- Expansion of the Nylon 66 capacity at Silvassa from the current 1.5 TPD to 6 TPD with an incremental capex of ~ INR 100 Million
- Cater to sectors like Automobiles which requires enhanced applications of specialised yarn in headlines and others.
- Targeting an increased wallet share from the existing customers.

Opportunity in other Markets & India

- Nylon 6.6 in India – to breakthrough with existing key customers and replace current imports into India.
- Uniquely positioned to gain market share in both Polyester and Nylon Fibres through its global business strategy and product offering.
- Growing opportunity in the South American market through Portugal subsidiary.
- Investments made to manufacture new products in India and US to cater to the growing demand.
- With the prevalence of Technical Textiles for Industrial appliances in India, the demand drivers for company's product would get further strengthened in next few years.

New Products – Nylon 66

- Commenced trials production of Nylon 66 yarn at Silvassa in 2013 on pilot basis
- Nylon 66 is high tenacity and lower shrinkage yarn product
- Being a niche product on its own, extremely specialized hence margins are substantially higher
- Product applications:
 - Parachutes, Shoes, Seat Belts & Car Airbags, Specialized Sewing Applications in Automotive, Shoes, Leather, Industrial Filters, Hoses
- Installed Capacity of 450 TPA at a pilot stage in Silvassa

End User Industries



Filter Fabric



Air Bags



Sports Shoes



Parachutes

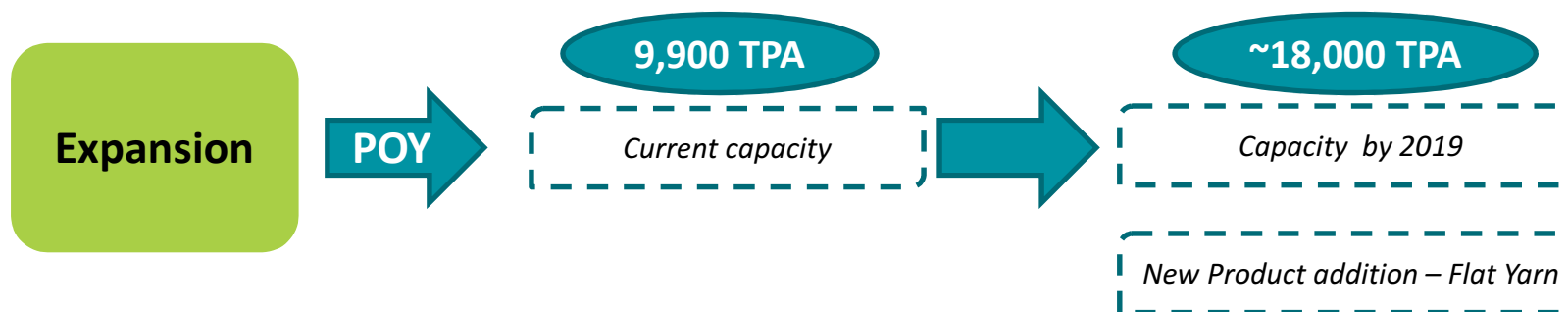


Seat Belts

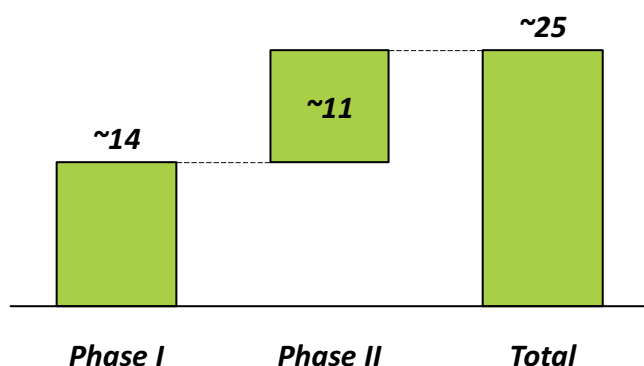
Only company in India to manufacture Nylon 66

US Facility – Expansion Plan

Further Expansion Of South Carolina Facility



Cost of Project (USD Million)



- The total cost of the project is USD~ 25 mn
- Cost of Phase I already incurred

Facility will directly cater to clients in North, South & Central American markets

Entry Barriers

➤ **Over 150 varieties of moulds**

- Moulds form an integral part of the final product
- These are designed as per clients specifications to fit the varied machinery used by them in their plants in different geographies

➤ **Clients Stickiness towards Quality & Goodwill**

- Global brands demand consistent quality products across markets
- Major overseas clients with long standing relationship built over the years

➤ **Multi Geography Presence**

- Only Indian company in the sector to have manufacturing presence in NAFTA & CAFTA regions
- Manufacturing operations in US & India and Marketing offices in South America & Europe



Yarn constitutes ~5% to total cost of final product; however a very crucial product, hence Premium paid for Quality & Consistency desired by Large Global Customers

Key Strengths

One of the Largest Manufacturers of Covered Yarn in India

- Focused on High Margin value added products: Specialised Polyester and Nylon Yarns
- Amongst a few players globally catering to Specialised Yarns – Used in a variety of niche applications

Manufacturing & Distribution hub in close proximity to demand centres globally

- Effectively positioned to be a preferred supplier to global manufacturers in Eastern and Western Hemisphere
- Only Indian company in this sector to have manufacturing presence in NAFTA and CAFTA regions

Strong Balance Sheet

- Extremely low leverage – India Textile business has ‘Zero’ Long Term Debt
- QIP raised Rs. 46.7 crores in 2014
- Liquid Assets of Over Rs. 100 crores

Strong Relationship with Worlds Largest Brands globally

- Relationships with brands like Hanes Brands, Gildan, Renfro, American & Efird, Delta Galil, Coats & Jockey
- Manufacturing presence in USA gives confidence to most of the major customers based out of USA

Product Innovations & Quality

- Consistent quality & wide range of products provided to customers across the geographies
- Over 150 moulds based on specifications provided by customers

Table Of Contents

➤ *Company Overview*

➤ *India Operations*

➤ *Overseas Operations*

➤ *Growth Plans*

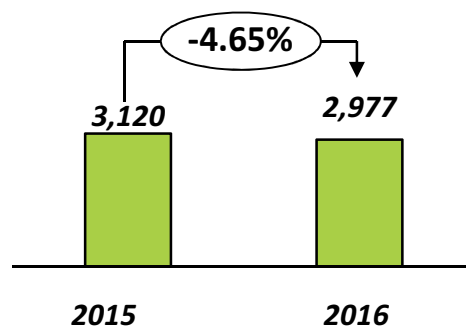
➤ **Financials**

FY2016 Highlights

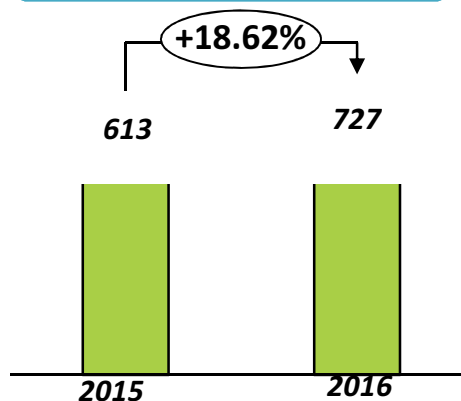
- Revenue of Rs. 2977 mn
- Gross Profit of Rs. 1752.40 mn, margin 59%
- EBITDA of Rs. 727.26 mn, margin of 24%,
- PAT of Rs. 450 mn, YoY growth of 61%
- Cash PAT of Rs. 604.99 mn margin of 20%

Consolidated Performance Highlights FY16

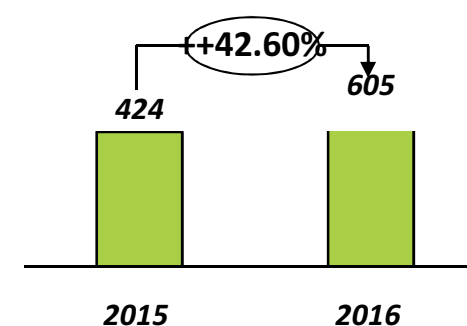
Revenue



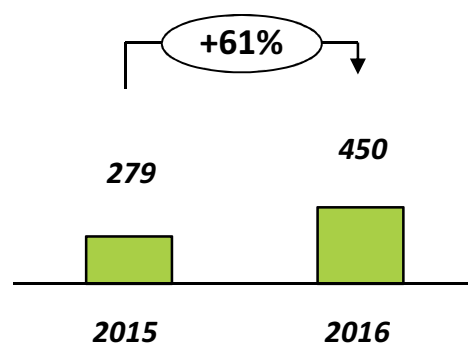
EBITDA



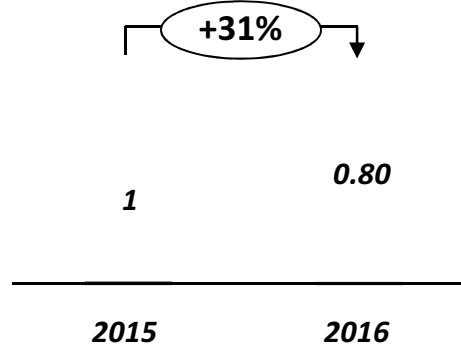
Cash PAT



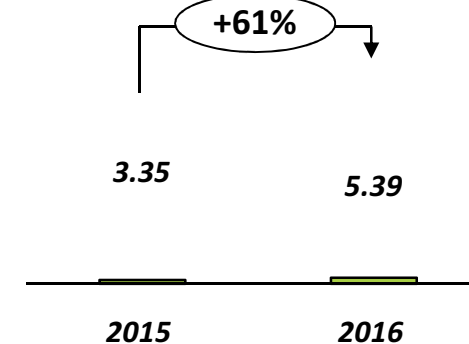
PAT



Dividend Per Share



EPS



Rs. in Million (except Dividend and EPS)

Profitability Statement

<i>Rs. In Millions</i>	<i>FY16</i>	<i>FY15</i>	<i>YoY</i>
Revenues	2977	3120	-4.62%
Raw Material	1224	1492	
Manpower Cost	215	271	
Other Operating Expenses	940	861	
EBITDA	727	613	19%
EBITDA Margin	24%	20%	
Other Income	131	117	
Depreciation	155	145	
Interest	65	64	
PBT	508	404	26%
Tax	57	123	
PAT	450	279	61%
PAT Margin	15%	9%	
Cash PAT	605	424	43%
Cash PAT Margin	20%	14%	

Ratio Analysis

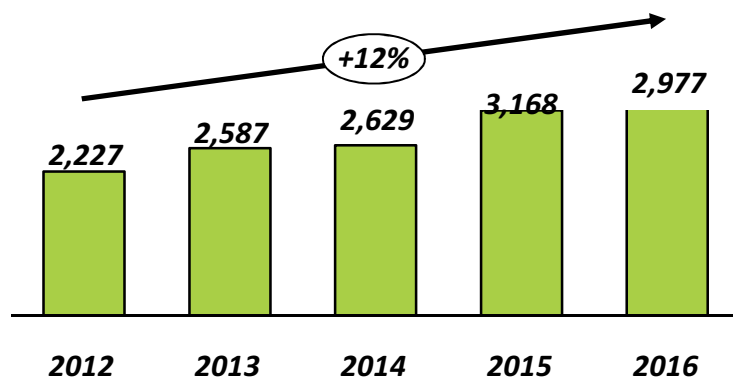
Key Ratios	201203	201303	201403	201503	201603
Debt-Equity Ratio	0.52	0.80	1.38	1.13	1.02
Long Term Debt-Equity Ratio	0.08	0.31	0.94	0.60	0.61
Current Ratio	1.56	1.53	1.50	1.49	1.55
Turnover Ratios					
Fixed Assets Ratio *	1.87	1.86	1.27	1.19	2.13
Inventory Ratio *	4.31	4.47	3.37	4.18	3.21
Debtors Ratio *	3.7	4.43	3.91	4.16	3.82
Interest Cover Ratio	7.9	8.06	6.50	7.35	8.85
PBIDTM (%)	14.77	18.40	20.54	18.94	24.43
PBITM (%)	11.33	15.22	16.48	14.46	19.24
PBDTM (%)	13.5	16.72	18.01	16.95	22.26
ROCE (%) *	15.72	17.47	13.53	10.51	10.11
RONW (%) *	16.25	20.96	17.81	14.00	18.33
Debtors Velocity (Days) *	99	80	93	88	114
Creditors Velocity (Days) *	78	40	67	73	85

* Annualised

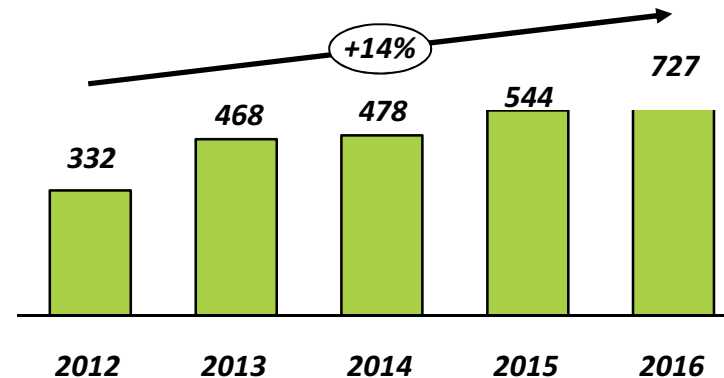
Financials – Growth Story

*2016 Figures are Annualised

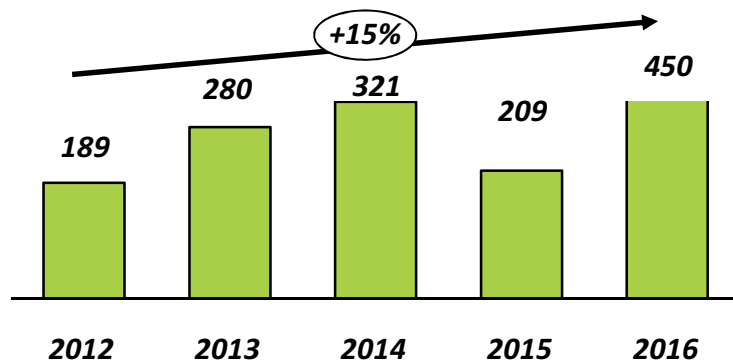
Revenues



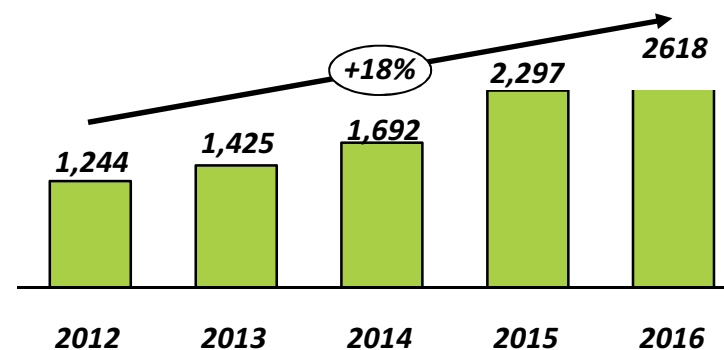
EBITDA



Profit After Tax



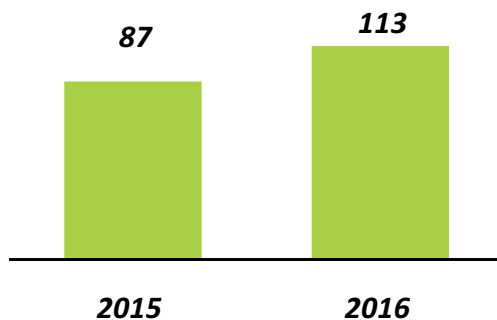
Networth



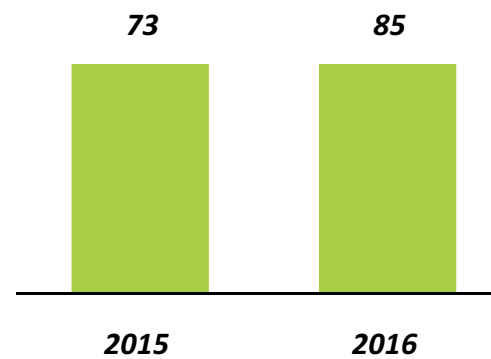
Rs. in Million

Working Capital Profile for FY16

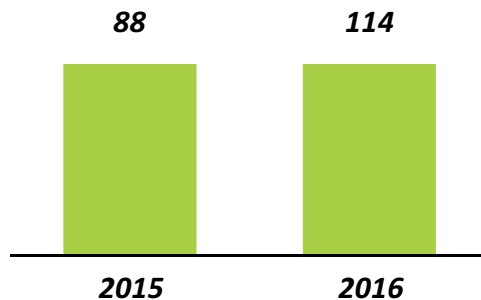
Inventory Days (Sales)



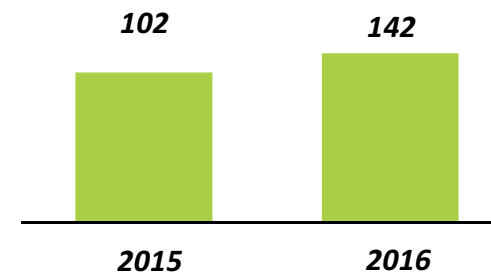
Creditor Days (Sales)



Debtor Days (Sales)



Net Working Capital Days



For further information, please contact:

Company :

Sarla Performance Fibers Limited
CIN: L31909DN1993PLC0000562596

Mr. Mahendra Sheth, CFO & Company
Secretary
msheth@sarlafibers.com

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