SARLA PERFORMANCE FIBERS



Q3 & 9M FY2013 Results Presentation

February 05, 2013



Company Profile

- Manufacturer of specialized polyester & nylon yarns and threads
- Listed on the BSE in 1995 and subsequently NSE in 1997
- Has an established manufacturing unit in Silvassa for polyester textured/twisted yarn
    - Capacity of 11,900 tons per annum
- In-house dyeing plant in Vapi broadening the product offering to dyed yarns
    - Capacity of 3,200 tons per annum
- Spear headed by Chairman, Mr. Madhusadhan Jhunjhunwala who has been involved in the textile industry since 1962
- Now actively managed by Managing Director, Mr. Krishna Jhunjhunwala who has been associated in the textile business since the age of 21



- The Company in its early stages began operations as a manufacturer of commodity yarns and has now successfully progressed to specialized and higher value added yarns
- Caters to a niche clientele of marquee customers such as Renfro, Coats, Jockey, Hanes Brands & Gildan to name a few
- First company in India to begin manufacturing covered yarn and today has the largest manufacturing capacity for air covered and conventional covered yarn in India
- Now begun manufacturing Nylon 66 which is a high tenacity and lower shrinkage yarn product, a niche on its own, extremely specialized and margins are substantially higher
- Over the years the Company has been expanding its global reach and international presence through JV's and subsidiaries namely, Savitex S.A. de C.V. in Honduras, Sarla Europe LDA in Portugal and Sarla Tekstil, Turkey and now manufacturing unit in South Carolina, USA



Manufacturing facility in the US will cater to POY used in sewing thread as well as specialized textured polyester yarn

- Total size of opportunity in the US for sewing thread is $ 100 mn

Benefits arising out of the US facility

- Waving off of duties (up to 35%) on goods manufactured outside the US as per NAFTA & CAFTA
- Proximity, visibility and better reach to the customer, deepening customer relationships
- Resultant reduction in freight costs
- Advanced machinery to reduce reliance on labor by over 30%
- Lower power and cost of borrowings

One of the first Indian companies to set up a facility in the US (Colleton, South Carolina)

Combination of $ 10 million debt while the remainder is from internal accruals – Total investment $13.8 million



Financial Discipline

- Prudent deployment of funds
- Extremely low leverage
- Cash surplus being deployed to grow stable wind power business
- No further equity infusion or other debt funds required at this point

Wind power business

- Deployment of strong cash flows to expand into the wind power business
- Set up capacities of 7.25 MW in Satara, Sangli & Vapi
- PPAs entered into with well regarded private entities
- ROI from the business ~26% - payback of 3 years
- Limited capex requirements

Managing Director's Comment

Commenting on the performance, Mr. Krishna Jhunjhunwala, Managing Director of the Company said,

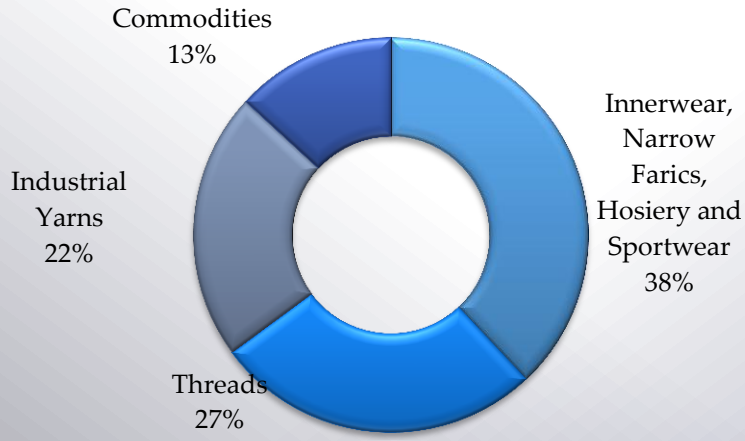
"Our performance this quarter has been very encouraging with substantial top line and bottom line expansion. This is a reflection of our product portfolio which cater to a high end clientele.

We are excitedly awaiting the commencement of our new facility in South Carolina in the US. This initiative will enable us reach out to several customers and brands across Central and North America. In addition, we also save on power, interest and freight costs.

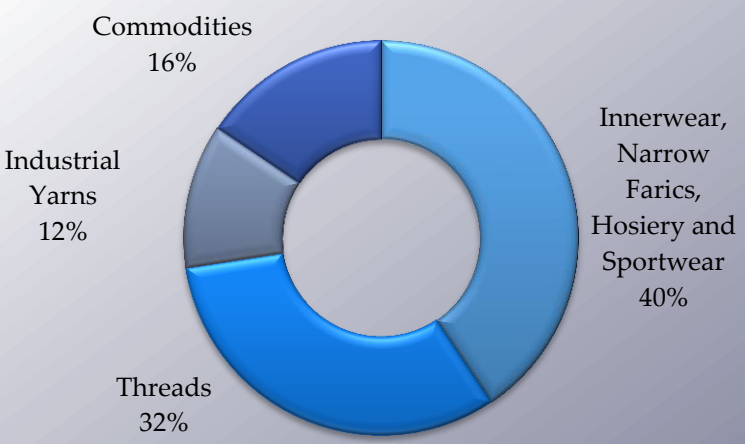
With strong marketing operations, and manufacturing facilities in India, Europe and now in the US, Sarla is one of the few players to efficiently service all customer demands. We are very confident that our strategies and growth plans will provide sustained growth to all our stakeholders."

Segment Breakup

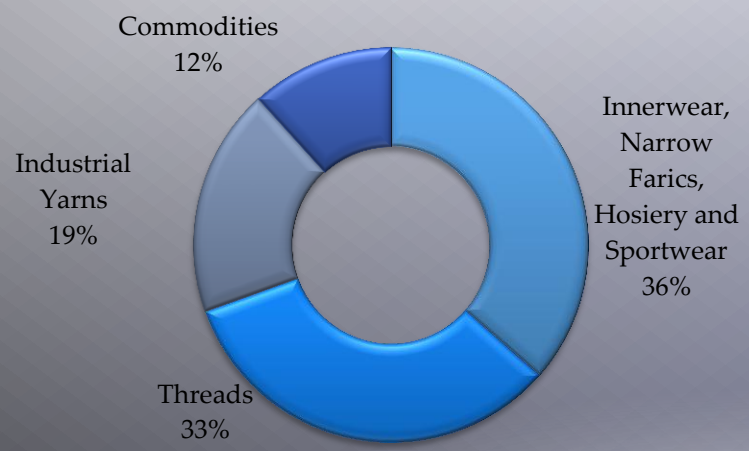
Q3 FY13



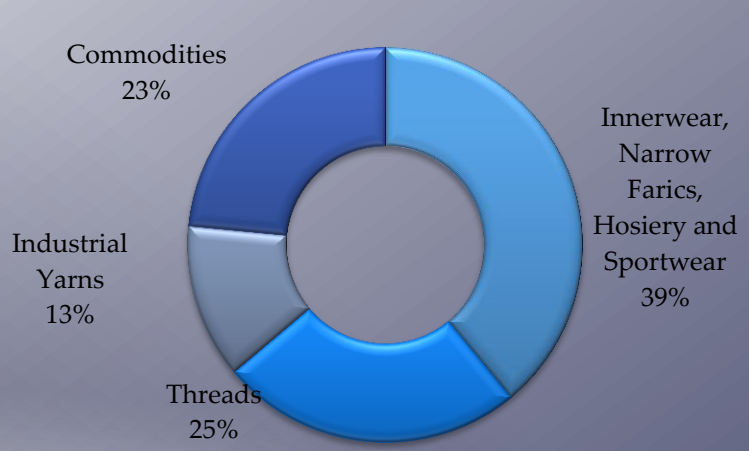
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9M FY13

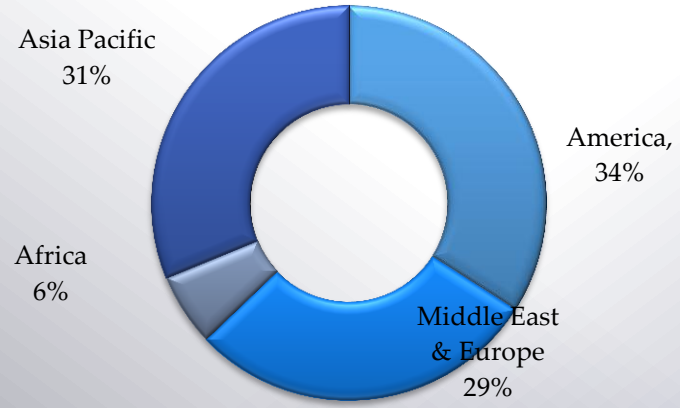


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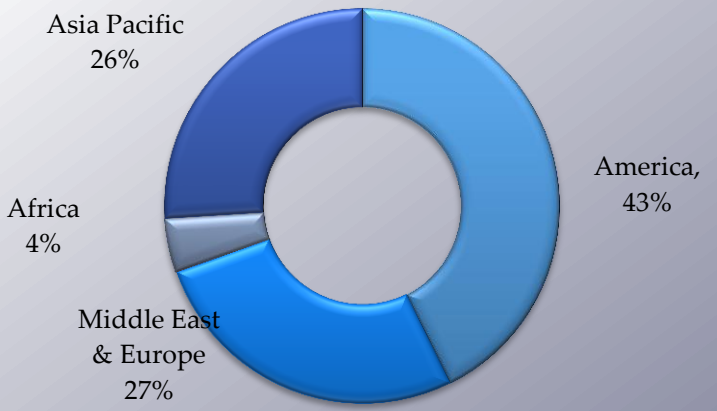


Geographical Breakup

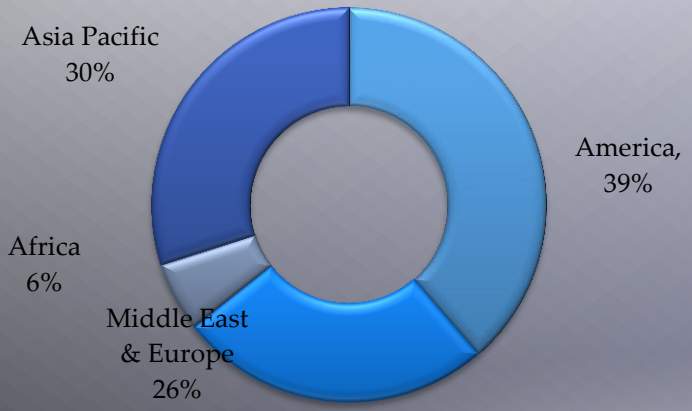
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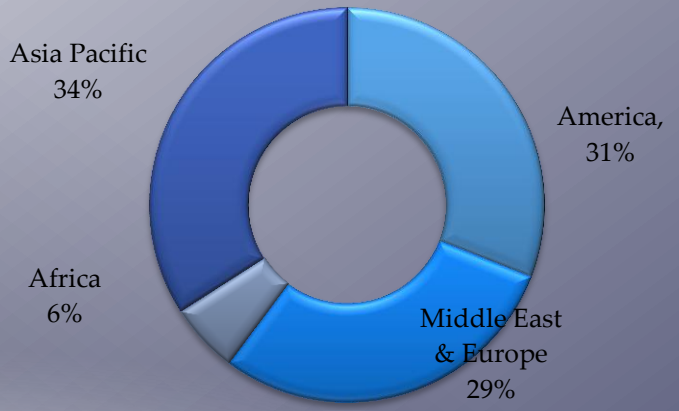
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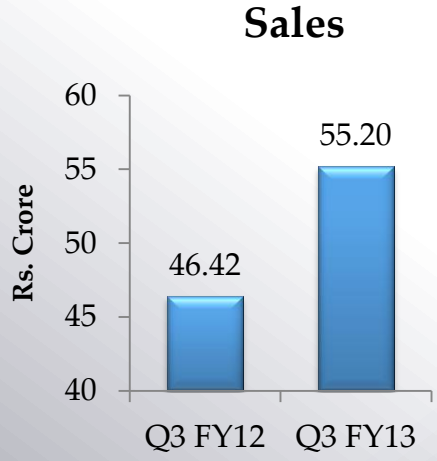
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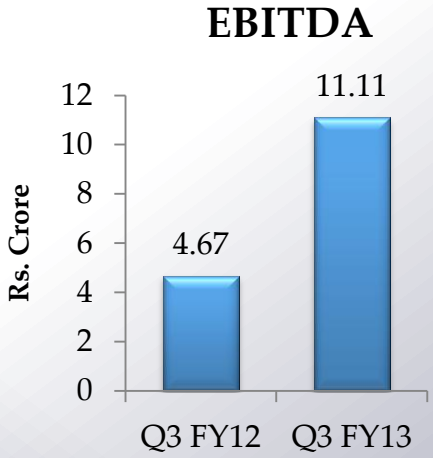


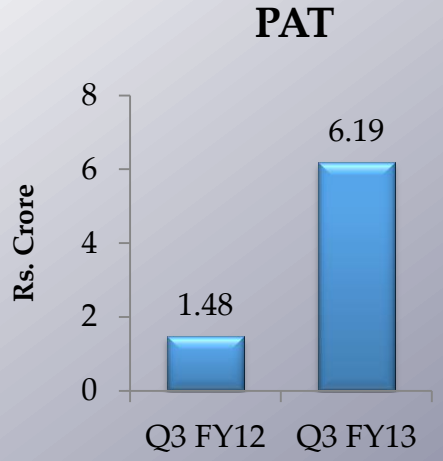
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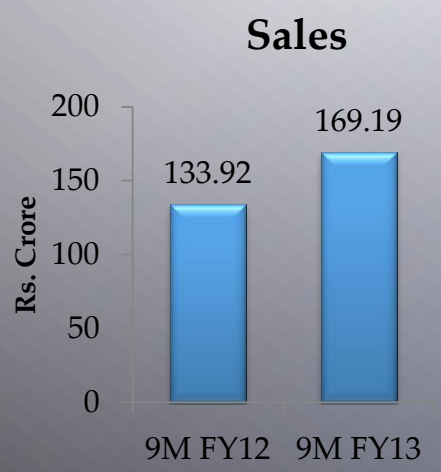


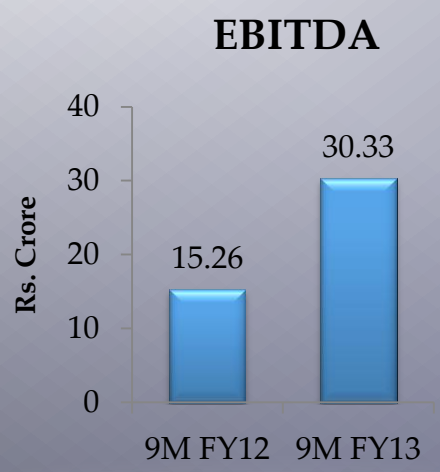
Q3 & 9M FY2013 Financials

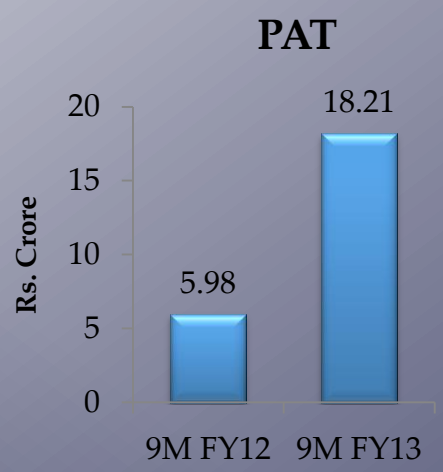












Company Performance & Outlook

- Continued growth trajectory with strong Revenue, EBITDA & PAT for the quarter
  - Revenue – Rs. 55.20 crore (up 19%)
  - EBITDA – Rs. 11.11 crore (up 138%)
  - PAT – Rs. 6.19 crore (up 318%)

- Europe
  - Strong & established marketing base in Portugal
  - Local employees to surpass language barriers thus better reach customers
  - Very few players operating in the European space for specialized yarns giving Sarla an added advantage through its strong presence in the continent

- USA
  - Tremendous demand stemming out of the US for products manufactured by Sarla's facility in Colleton, South Carolina
  - Demand to the tune of $100 mn for sewing thread alone

- India
  - Apart from focus on the yarn business, strategy is to grow wind power operations at a quick pace

SARLA PERFORMANCE FIBERS









Thank You