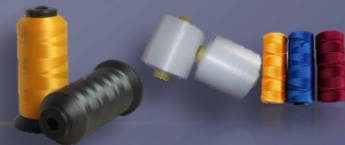




Results Presentation

Q1FY2014

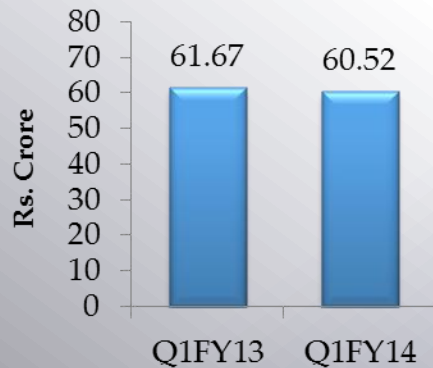




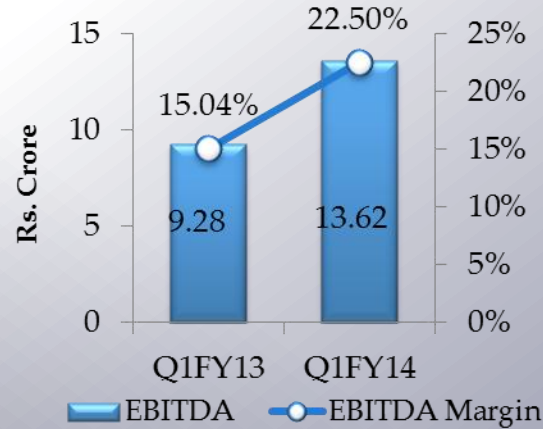
Financials & Key Ratios

Q1FY2014 Financials (Consolidated)

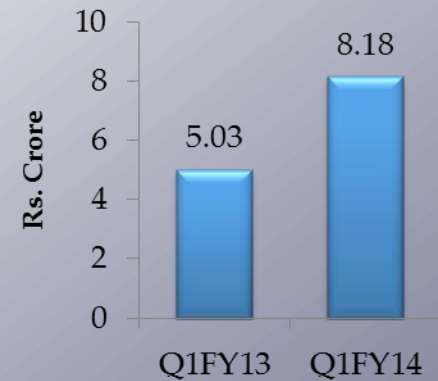
Sales



EBITDA



PAT



Focus on niche high value products combined with improved raw material sourcing enables strong increase in profitability



Company Performance & Outlook

- Continued growth trajectory with strong Revenue, EBITDA & PAT for the Q1FY14
 - Revenue – Rs. 60.52 crore (down 1.86%). Revenue were fairly stable compared to the previous corresponding quarter
 - EBITDA – Rs. 13.62 crore (up 46.76%). Margins improved by 746 bps compared to Q1FY13 as the Company procures a greater proportion of its raw materials i.e. chips, POY, etc from domestic suppliers at competitive prices.
 - PAT – Rs. 8.18 crore (up 62.62%)
- Europe
 - Strong & established marketing base in Portugal – services customer requirements of the European region as well as South America
 - 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 County, South Carolina
 - Will begin by selling into the apparel and hosiery market in the US
 - Product offering to be expanded into furnishing, automotive and industrial markets
 - Demand to the tune of \$100 mn for sewing thread alone



Managing Director's Comment



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

“We are glad to begin the year on a positive note. We have been able to improve operational efficiencies significantly, which is reflected in our profitability. Our efforts to deepen relationships with key customers continue through various initiatives.

Our project in the US is on schedule and we are happy about the progress we are making there. We are hopeful of beginning operations by the later half of the year. A plant of this type, for the manufacturing of POY (Partially Oriented Yarn) has been set up in the US after almost 20 years.

We have now successfully begun the manufacturing of Nylon 66, making us the first Indian company and one of the few in the world putting us in an elite league. This product will help us strengthen blended margins and also diversify our customer base.

Our core business continues to perform well and with all building blocks in place we are confident of improved performance in FY2014.”

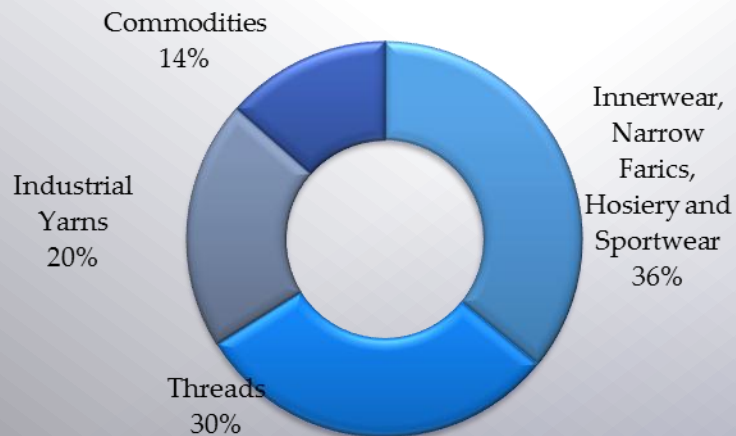


Revenue Breakup and Gross Margin (Delta) on Polyester and Nylon Yarns

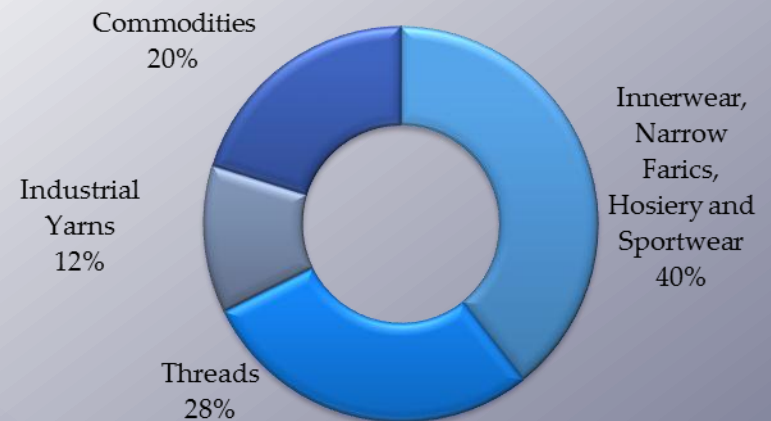


Segment Breakup

Q1FY14



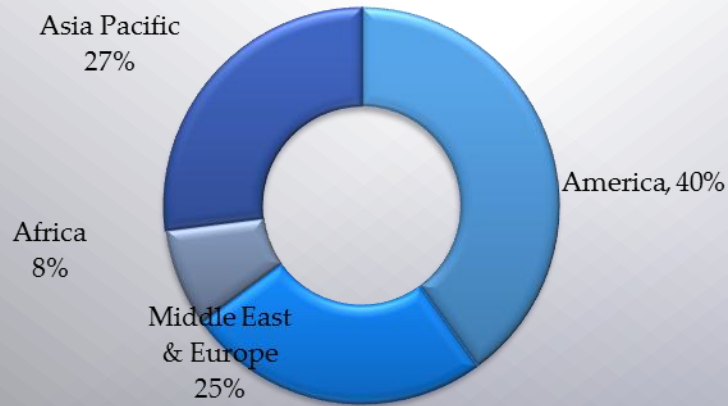
Q1FY13



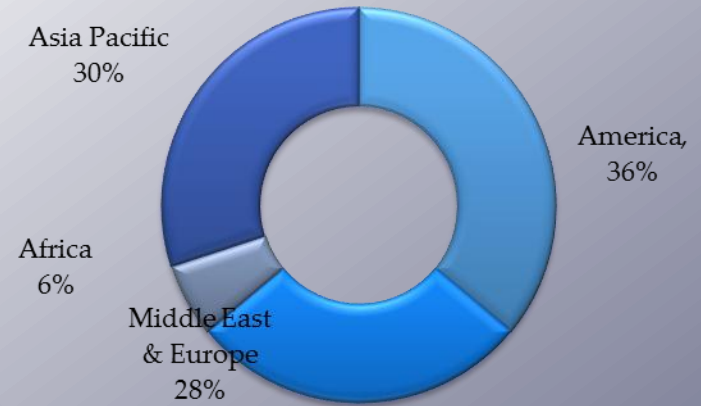


Geographical Breakup

Q1FY14



Q1FY13





Gross Margin (Delta) on Polyester and Nylon Yarns

Gross Margin/kg (Rs.)		
	Nylon	Polyester
Q1FY2014	88	56



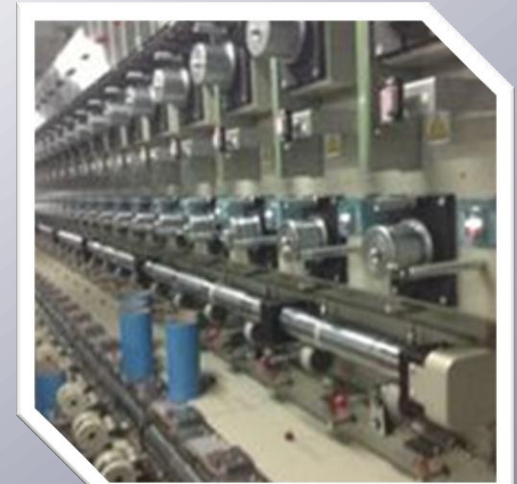
Company Profile



- 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
- Amongst the largest manufacturers for air covered and conventional covered yarn in India
- Commenced production of Nylon 66: A high tenacity and lower shrinkage yarn which is an extremely specialized product and a niche on its own
- Over the years the Company has been expanding its global reach and international presence through JV's and subsidiaries like, Sarla Europe LDA in Portugal, Sarla Tekstil, Turkey and now manufacturing unit in South Carolina, USA





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

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

Benefits arising out of the US facility

- Duty free benefits on goods manufactured inside 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 County, South Carolina)

Combination of \$ 7.9 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 Gujarat & Maharashtra
- PPAs entered into with well regarded private entities
- ROI from the business ~18-20%
- Limited capex requirements

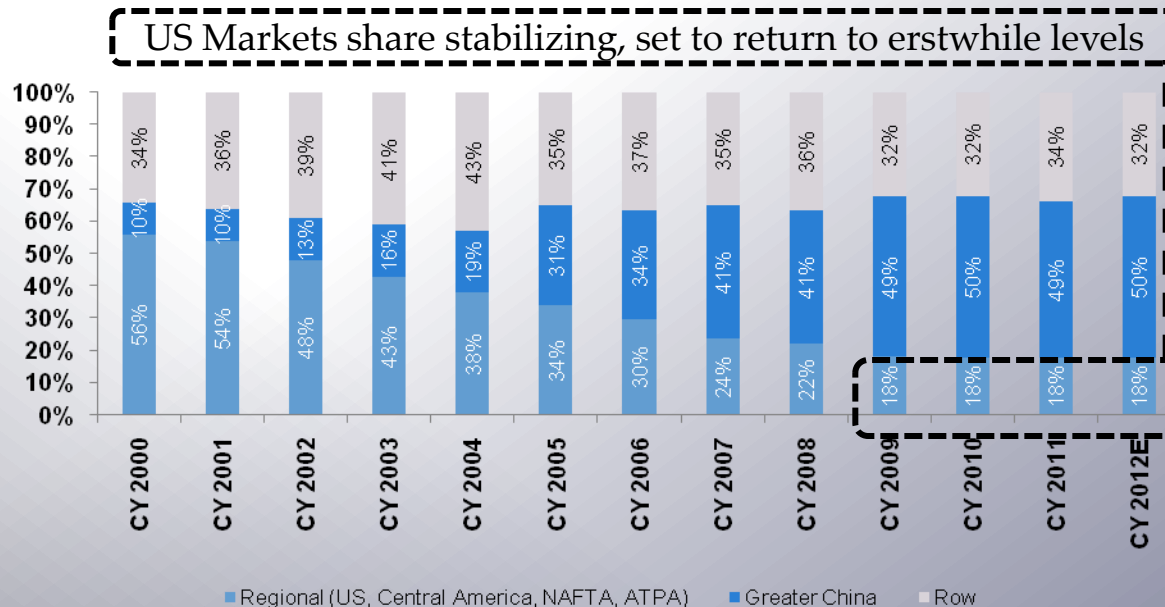


Industry Perspective



U.S. Synthetic Apparel Sourcing Trends

US apparel makers lost 38% share in the past 12 years; Market share now stabilizing



Source: Industry data

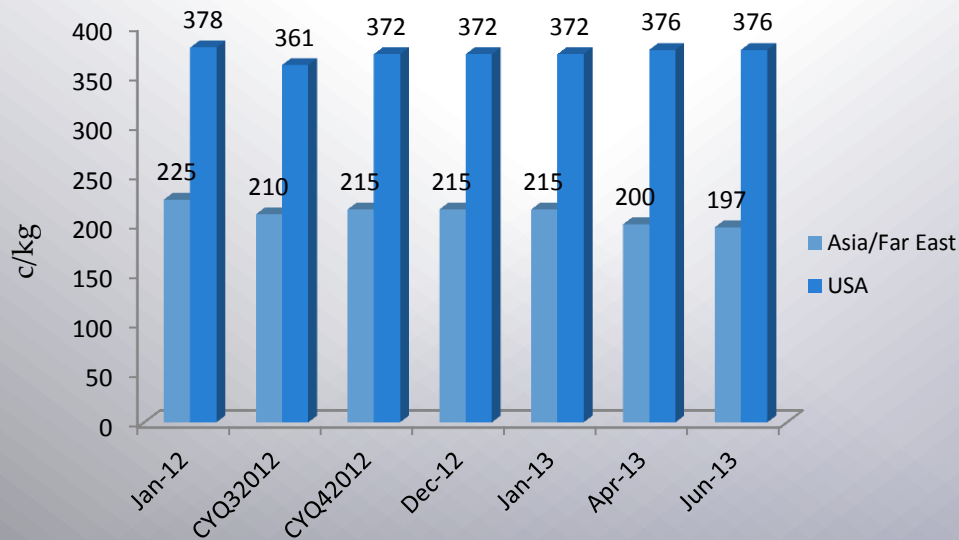
- New Policies in the US favors local manufacturing (Rule of origin; Yarn Forward etc.)
- Local manufacturing in the US will grow in the coming years
- US is the largest, most advanced and most competitive market
- Most decision making continues to originate from the US

Sarla is one of the rare Indian companies to be directly present in NAFTA/CAFTA region for direct supply

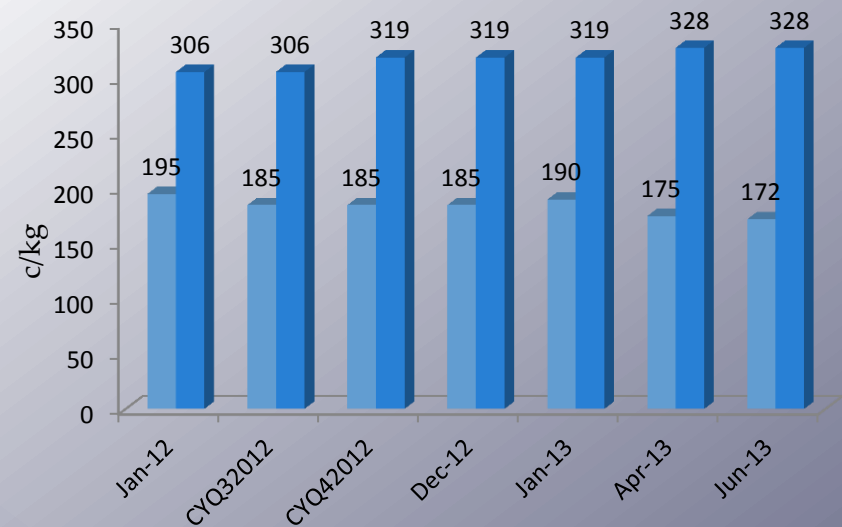


Polyester filament prices (Asia Vs USA)

75/70 den textured



150 den textured



Source: Industry data

US Prices are 55 -90% higher than Asia/Far East

The difference in Asian and US prices have increased by over 30% in the last 18 months making the US an even more attractive market



Regional Competitive Advantages

Competitive cost

- Duty-free benefits of up to 32% on synthetic garments
- Greater labor productivity than most other yarn suppliers
- Higher inflation in China/Asia

Faster supply and flexibility

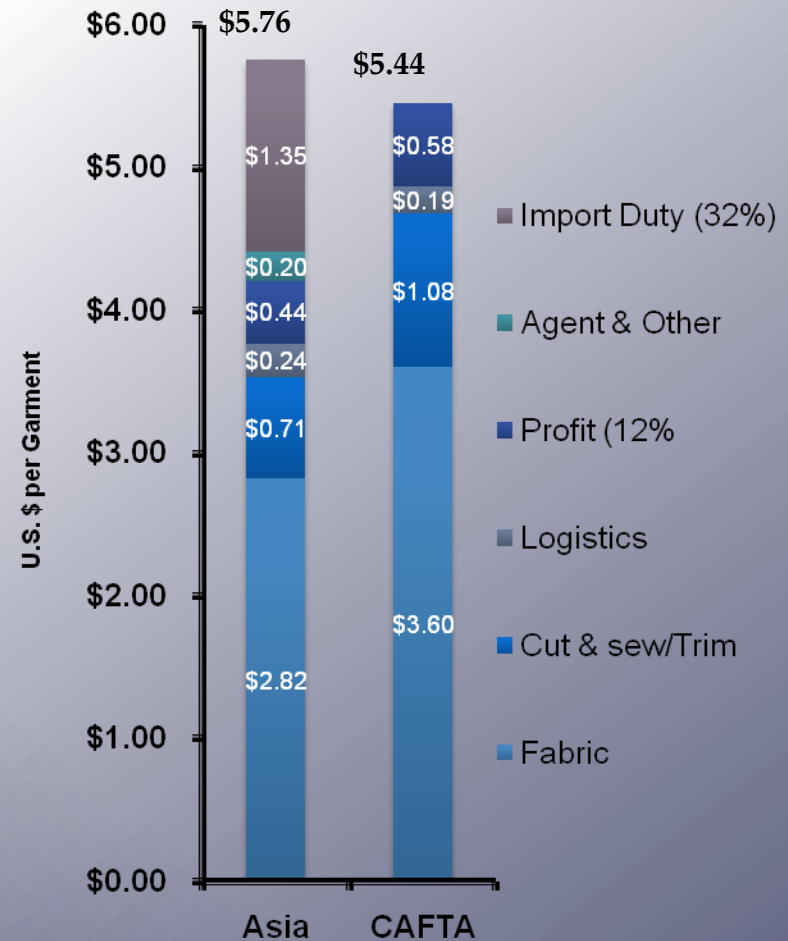
- Shorter lead times of 6 to 7 weeks from “order” to “U.S. distribution” versus 13 to 17 weeks from various Asian regions
- Faster response to fashion trends and replenishment needs
- Convenient to reach, monitor and communicate

Working capital benefits

- Shorter lead time creates lower inventories
- Better cash flow

Innovation

- Differentiated fibers that apply to various end-use products
- High-quality for critical applications
- Regional development efforts accelerates speed to market



Source: Industry data



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Safe Harbour:

Certain statements in this presentation concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in our industry of operations including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, cost overruns on contracts, client concentration, our ability to manage our international operations, our ability to successfully complete and integrate potential acquisitions, liability for damages on our contracts, the success of the companies in which Sarla Performance Fibers Ltd. has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Sarla Performance Fibers Ltd. may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.