



Press Release

Sarla Performance Fibers investing \$ 13.8 million to set up facility in USA

Unit to create 100 new jobs in Colleton County, South Carolina

Mumbai, 26th December 2012:

Sarla Performance Fibers, a 100% EOU engaged in the manufacturing of yarn and threads and enjoying strong customer relationships with renowned brands across the Americas, Europe and Asia, has announced that it will locate its new manufacturing operations in Colleton County, South Carolina, USA.

The Company, which is based in Mumbai, India and has manufacturing facilities in Silvassa and Vapi, will establish a new yarn and thread manufacturing facility in Colleton County under the name Sarlaflex, Inc (a Wholly Owned Subsidiary) located at Industrial Park in Walterboro. The facility will serve customers in the apparel and upholstery markets. The new plant is expected to commence operations in the first quarter of FY13-14.

Sarla is investing \$ 13.8 million into the business which is expected to create 100 new jobs in Colleton. The plant will import polyester chip and produce POY & DTY that is NAFTA/CAFTA compliant.

The transaction is being funded via a combination of \$ 10 million debt while the remainder is from internal accruals. Expansion or setting up of new textile plants targeting the apparel industry in the US is becoming more attractive as a result of NAFTA & CAFTA agreements which make imports into the US extremely uncompetitive.

Additionally, Sarla has a very strong customer base enjoying valued relationships with renowned brands all across North and Central America and this facility will give the Company an even better customer reach and understanding of their requirements which in turn would strengthen and deepen its associations with customers.

Commenting on the announcement Gov. of South Carolina, Nikki Haley said, *"We are thrilled that Sarla Performance Fibers has chosen South Carolina for its new manufacturing facility. The announcement is another indication that companies from across the globe are seeing the benefits of doing business in our state. It's also exciting to see Sarla Performance Fibers invest \$13.8 million and create 100 new jobs in one of our state's rural areas."*

Commenting on the announcement, Bobby Downs, Executive Vice President of Sarla Performance Fibers and President of newly formed subsidiary, Sarlaflex said, *"We are pleased to establish our U.S. presence here in South Carolina. Colleton County offers us an excellent business environment, skilled workforce*

SARLA PERFORMANCE FIBERS LIMITED

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talent, exceptional market access and close proximity to the Port of Charleston. We appreciate all the support we've received from state and local officials in bringing this project to fruition"

Mr. Krishna Jhunjhunwala, Managing Director of Sarla Performance Fibers said, *"We are delighted to announce that Sarla will now be setting up a manufacturing unit in South Carolina for the manufacture of POY & DTY. This initiative which is the first of its kind by an Indian textile company will enable us to better understand and relate to the needs of our customers and as a result expand and deepen relationships. By setting up of this facility alone, we will be creating about 100 new jobs and are very excited to contribute to the economic development of South Carolina."*

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About Sarla Performance Fibers Limited (SPFL)

SPFL is a 100% EOU engaged in the manufacturing and export of polyester and nylon textured, twisted and dyed yarns, covered yarns, high tenacity yarns and sewing thread.

Beginning as a manufacturer of commodity yarns, the company has successfully shifted its focus and established itself as a manufacturer of specialized and higher value added yarns. Our strength lies in customizing the product as per each individual customer's requirements and specifications. Over the years SPFL has expanded its activities with the expansion and upgradation of existing facilities in India, as well as through creation of new facilities overseas with the primary objective of establishing closeness to customers to provide quick and efficient services to them. With clients in all major countries across the globe & a presence in key international locations, SPFL has developed a strong customer base. Today, the company is run by its promoters, Mr Madhusudhan Jhunjhunwala, the Chairman and Mr. Krishna Jhunjhunwala, the Managing Director. The company's head office is located in Mumbai, India and its manufacturing facilities are situated 160 km outside Mumbai in Silvassa and Vapi. It has an installed capacity of 11,900 tons per annum for manufacturing yarns in Silvassa and 3,200 tons per annum for a Dyeing unit at Vapi.

For further information, please contact:

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