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Fabric producer gets \$3.6M capital injection

Stedfast to research ways to make Kevlar protective gear lighter and more effective

ROBERT GIBBENS
THE GAZETTE

Stedfast Inc., the Granby textile firm researching new body armour for Canadian soldiers in the field, is getting a \$3.6-million capital injection from the Quebec Labour Federation's Solidarity Fund.

"This new money will solidify our finances and back the next phase of growth," said Rob Kellock, CEO of family-controlled Stedfast, a high-tech fabric producer with annual sales of more than \$30 million.

"It's a partnership deal where we liked their positive approach and they liked our business plan," he said. "Also, we have 105 employees represented by an affiliate of the QFL."

The investment by the Solidarity Fund, essentially a venture capital group with 575,000 shareholders and assets of \$7.2 billion, is partly in equity but mostly in unsecured debentures on normal commercial terms, he said.

"We're a private company and I can't say more, but it should speed our growth

and help us make a strategic acquisition."

Gaétan Morin, the Solidarity Fund's executive vice-president of investments, said Stedfast's innovative protective fabrics used in garments for firefighters, police, emergency medical teams and industrial workers "have enabled it to stay in the game, find new markets and become a leader in its field. ... We'll support its growth in every possible way."

The money will help Stedfast pursue its research and develop more new products and processes to meet rising technical and quality demands, he said.

"It was founded more than 75 years ago and it's prospering in an industry decimated by imports."

Morin said the Solidarity Fund has invested in scores of Quebec companies and unionization is not a prime condition.

"Our task is to channel Quebecers' savings into all sectors to help create and maintain jobs and promote economic growth, and we target a competitive rate of return."

Stedfast is one of two companies contracted this summer by the Department

of Defence to develop more effective body armour to protect soldiers from crippling roadside bombs and AK-47 carbines. The job is worth \$850,000.

Stedfast has made camouflage fabrics for uniforms, tents and solar blankets to help tank crews keep cool, besides breathable fabrics that can repel germs, flames and water; but it has never dabbled in body armour.

The armour normally uses a Kevlar vest and ultrastrong ceramic plates. Stedfast will research ways to make it lighter and more effective, possibly by making it "collapse" to absorb the force of flying metal.

Stedfast was originally owned by Boston's **Stedfast Rubber Co.** It supplied fabrics to the shoe, bookbinding and travelbag sectors. It was bought by Canadian investors in 1979 and transformed into a manufacturer of high-tech fabrics. It weathered a severe downturn in 2000-02 and diversified under Kellock's leadership.

rgibbens@thegazette.canwest.com
thegazette.canwest.com