SURYALAKSHMI COTTON MILLS LTD

SURYALAKSHMI

(AN IS/ISO 9001 : 2008 & ISO 14001 : 2004 CERTIFIED COMPANY)

November 10, 2015

To

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra-Kurla Complex
Bandra (East)
MUMBAI – 400 051

Dear Sir,

Scrip Code : SURYALAXMI
Reg.: INVESTOR PRESENTATION

Please find enclosed the investor updates for the information to the shareholders.

This is for your information.

Thanking you,

Yours faithfully,
for **SURYALAKSHMI COTTON MILLS LIIMITED**

E V S V SARMA
COMPANY SECRETARY

Suryalakshmi Cotton Mills Limited

Suryalakshmi
Cotton Mills Ltd.

2015-16 Half-Year Results

Hyderabad, 10th Nov., 2015

Safe Harbor Statement

Materials and information provided in this presentation may contain ‘forward-looking statements’. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements.

Risks and uncertainties include general industry and market conditions, and general domestic & international economic conditions such as interest rate and currency exchange fluctuations. Risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited, to technological advances and patents attained by competitors, challenges inherent in new product development, including completion of product trials; claims and concerns about product safety and efficacy; obtaining regulatory approvals; domestic and foreign apparel industry reforms; industry trends, and governmental laws and regulations affecting domestic and foreign operations.

Also, for products that are approved, there are manufacturing and marketing risks and uncertainties, which include, but are not limited, to inability to build production capacity to meet demand, unavailability of raw materials, and failure to gain market acceptance.

The Company undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

2015-16 Half-year highlights

Robust financial performance in 6 months of Financial Year 2015-16

- Net Revenue of INR 368 crores (down by 0.2%)
- PBT of INR 20 crs. (up by 24.2%)
- Net Profit of INR 14 crs. (up by 17.9 %)
- EPS of INR 8.34 per share (up 17.9 %)

Climbing the Fast Fashion value chain

- Commenced commercial production of Fancy yarns at our new Amravati plant (26,000 spindles)
- Introduced more than 100 Denim fabric variants in 1st half of FY15-16 with combination of new dyeing and fiber technologies
- Received new and additional orders for Fabric and Garments from Levis, VF Corp. (Lee & Wrangler), Pepe Jeans, Peter England, JC Penny, etc. as well orders from Garment suppliers of major brands
- Per meter price realization of Denim fabric increased from INR 136 to INR 144

Future on continuous growth and profitable path

- Increased turnover from the new Amravati plant and from Power division
- Latest textile technology installed and Major CAPEX completed
- Healthy harvest of cotton in India (40 mn. Bales) in spite of drought in some parts resulting in abundant availability of basic raw i.e. Cotton
- Weakness in Crude oil prices resulting in lower costs of another raw material i.e. Synthetic yarns

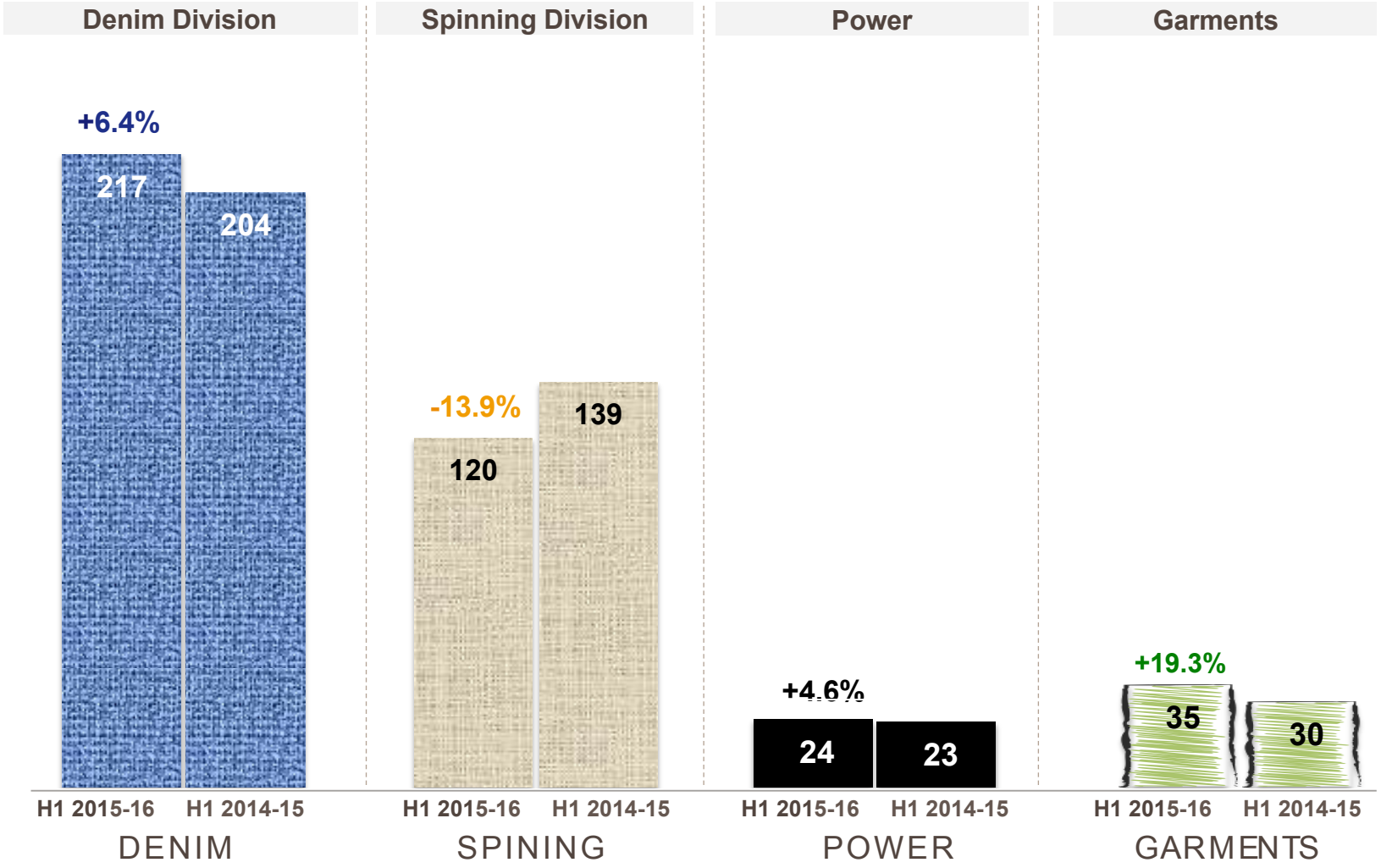
H1 2015-16 financial performance summary

- Healthy financial performance in Indian and foreign markets
- Increase in EBIDTA, PBT and PAT margins on account of lower costs of Raw material and decrease in interest costs
- Strong growth in Denim and Power divisions leading the Company's profits
- Net Debt increased on account of term and working capital loans drawn for Amravati unit

₹ 51.7 crs **EBITDA** up 4.2 %	₹ 20.1 crs **Profit Before Tax** up 24.1 %	₹ 13.9 crs **Profit After Tax** up 17.9%
14.1% **EBITDA margin** up by 54 bps	5.5% **PBT margin** up by 106 bps	3.8% **Net Profit margin** **up by 57 bps**
₹ 78 crs **Net increase in Term Loan for Amravati plant**	₹ 16 crs **Interest costs decreased by 9.2%**	1.56 **Debt Equity Ratio**

Segment-wise Sales – H1 FY 16

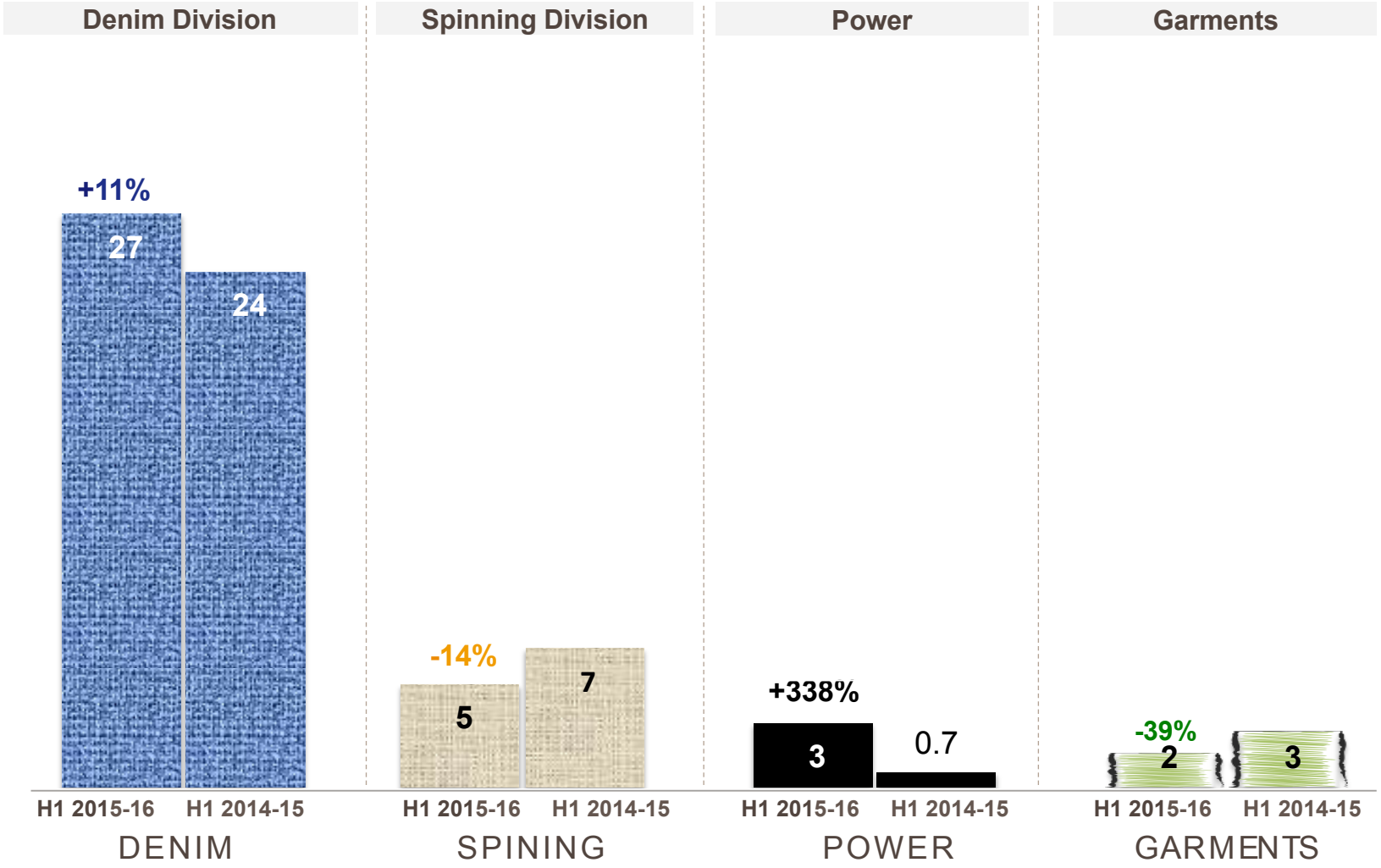
Figs. in INR Crs.



Suryalakshmi Cotton Mills Limited

Segment-wise EBIT – H1 FY 16

Figs. in INR Crs.



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Financials Snapshot – Income Statement H1 FY16

Figs. in INR Crs.

Particulars	H1 FY2016	H1 FY2015	Change %	Q2 FY16	Q1 FY16	Q2 FY15	Change % Y-o-Y
Net Income	368	367	0.2%	180	187	185	-2.6%
EBIDTA	52	50	4.1%	25	27	25	1.5%
Interest	16	18	-9.2%	8	8	9	-7.2%
Depreciation	15	16	-7.7%	7	7	8	-5.8%
Profit before TAX	20	16	24.2%	10	11	8	18.3%
Tax	6	4	41.2%	3	4	2	16.1%
Profit after Tax	14	12	17.9%	7	7	6	19.1%
EBIDTA margin %	14.1%	13.5%	0.5%	13.9%	14.2%	13.4%	0.6%
PBT margin %	5.5%	4.4%	1.1%	5.3%	5.7%	4.3%	0.9%
PAT margin %	5.5%	4.4%	1.1%	5.3%	5.7%	4.3%	0.9%

Financials Snapshot – Balance Sheet H1 FY16

Figs. in INR Crs.

	Particulars	As at Current Half year-end	As at Previous year-end		Particulars	As at Current Half year-end	As at Previous year-end
		30/09/15	31/03/15			30/09/15	31/03/15
		Un-Audited	Audited			Un-Audited	Audited
A	Equity & Liabilities			B	Assets		
1	Sahreholders' Fund -			1	Non-Current Assets -		
(a)	Share Capital	25.45	25.45	(a)	Fixed Assets	508.87	428.97
(b)	Reserves and Surplus	304.52	296.34	(b)	Non-Current Investments	-	-
	Sub-total - Shareholders' Fund	329.97	321.78	(c)	Long-term Loans & Advances	4.63	3.96
2	Non-Current Liabilities -			(d)	Other non-Current Assets	1.88	0.61
(a)	Long-term Borrowings	193.73	124.42		Sub-total Non-Current Assets	515.38	433.55
(b)	Deferred tax Liabilities (net)	34.44	32.53	2	Current Assets :		
(c)	Long-term Provisions	5.13	4.47	(a)	Current Investments	0.10	0.10
	Sub-total - Non-Current Liabilities	233.31	161.42	(b)	Inventories	140.63	137.91
3	Current Liabilities -			(c)	Trade Receiveables	130.52	103.38
(a)	Short-term Borrowings	151.49	114.50	(d)	Cash and Cash equivalents	6.72	9.80
(b)	Trade Payables	68.54	60.65	(e)	Short-term Loans & Advances	30.69	31.62
(c)	Other Current Liabilities	70.27	75.05	(f)	Other Current Assets	38.14	27.60
(d)	Short-term Provisions	8.60	10.55				
	Sub-total - Current Liabilities	298.90	260.75		Sub-total - Current Assets	346.80	310.41
	Total - Equity and Liabilities	**862.17**	**743.96**		**Total Assets**	**862.17**	**743.96**

Strategic Developments and Operating Highlights

- Achieved capacity utlisation of 95 % in H1 FY16 for all the capacities

- Commercial production commenced at Amravati Plant. Production of new range of yarns viz. Core Spun (Lycra), Compact, Double, Slub, etc. has started. Currently, 50% of Amravati units' production is being utilised in-house in the Denim fabric division.

- Ramtek Denim facility has received Certification by GOTS (Global Organic Textile Standard) and OCS (Organic Content Standard) for manufacture of Denim Fabric from organic cotton. Sample product range has been approved and company has started receiving orders for Organic denim fabrics

- Fall / Winter 2016 collection has received an enthusiastic response and we are receiving additional orders from our existing clients and well as from new customers

- Over 100 new Denim fabric variants has been launched. These offerings are based on latest trends with a combination of fashion, quality, price and sustainability

- A new value-added variant **Peach Denim** (Velvet touch) is being launched by the company for which the machinery has been imported from Italy and should be operational by November-end

- SLCML manufactured garments are now available at leading fashion stores like Levis, Only, LEE, Pepe, Lifesytle, Peter England, JC Penny, General Sportswear, etc.

Macro & Micro scenario & our Response

- Slower growth in US and European markets along with new challenges in Fast fashion industry pose continuous challenge to company.
- Company's key business divisions are well positioned for this challenges and it's growth is supported by selective value and volume growth mostly in higher margin segments

Cotton

- Indian Kharif crop estimates have been stable at 40 mn. Bales, almost same as last year

Polyester Yarns

- Falling crude prices and lower Chinese demand has had negative impact of spinning division
- Subdued margins in H1 due to volatile crude prices.
- Margins should improve going forward on Stable price outlook

Fancy Yarns

- Segment with high growth potential due to increase in Denim and Jeans demand
- Latest technology and our expertise in yarn requirements for Denim fabric should drive quality products and substantial demand thereof

Garments

- Original Denim Manufacturers to world's leading brands
- Major brands picking Indian manufacturers over Chinese and neighboring countries.
- Indian consumer demand has improved and Branded garment sales have risen

Product Development & Marketing

- Introduced New Denim fabrics Suave, Maxco, Surento, Peach, Mono-Chromatic and Organic
- Tied-up with leading designers from Europe & USA for our new products
- Participation in International Trade fairs – Kingpin Show (New York), Denim Fair (Bangladesh), Iran-Tex (Iran)
- Ventured in new markets of France, Iran & South America
- Augmented the sales force for International sales and new yarns from Amravati plant

Our priorities for H2 – FY15-16

Achieve 90% plus capacity utilisation at Amravati plant

- focused efforts to bring the new unit's utilisation levels at par with our existing plants

Operating efficiency

- achieve higher margins in Spinning, Garment and Power divisions

Increase per unit realisation of Denim fabrics and garments

- focus on latest trends and value-added products for fashion conscious generation

Deliver new products from Denim fabric and Spinning divisions

- constant innovations and new product pipe-line for the fast fashion industry

Continuous improvement

- in health, safety, sustainability and corporate governance

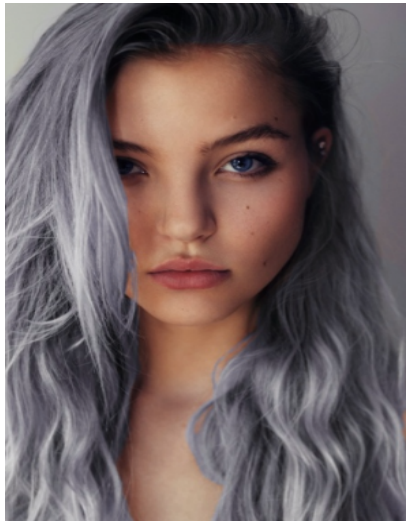
Fall / Winter 2016

BEYOND THE INDIGO

- ALLOYS DENIM
- NEW APPLICATION ON SURFACE
- COMBINATION OF TECHNOLOGIES
- COMBINATION OF COLORS
- CROMATIC EFFECT

- PURPLE AND RED
- YELLOW CONTAMINATION
- DEEP AND DARK INDIGO

THE GREY SIDE OF DENIM



- GREY IS THE NEW BLACK
- WIDE SHADES OF GREY
- MIXTURE OF GREY AND BLUE-**SMOKE COLOR**

- COATED AND OVERDYED

- ACHROMATIC BEST NON-COLOR EFFECT

Spring / Summer 2017

BLUE ALCHEMY

- Bright Light Blue SORRENTO
- Bright Dark blue RED INDIGO
- Light Pure Indigo CAPRI
- MAXCO Finishing
- New Finishing SUAVE & PLUSH

MONCROMATICE

- All White .....ECRU
- All blue ..... Indigos
- All Black.....Taxedo
- All Grey.....Smoke
- Organic Cotton
- Recycled Polyester

THANK YOU

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