sutlej
textiles and industries limited

SUTLEJ TEXTILES AND INDUSTRIES LIMITED
Lotus Corporate Park, 'E' Wing, 5th/6th Floor,
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Goregaon (East), Mumbai - 400 063.
Phone : (022) 4219 8800 Fax : (022) 4219 8830
E-mail : info@rtmyarn.com Website : www.sutlejtextiles.com
CIN No. : L17124RJ2005PLC020927

STIL/

August 08, 2016

M/s. Bombay Stock Exchange Limited	**M/s. National Stock Exchange of India Ltd.**
Phiroze Jeejeebhoy Towers	Exchange Plaza, 5th Floor, Plot No.C/1,
Dalal Street, Fort	G-Block, Bandra-Kurla Complex,
Mumbai 400 001	Bandra(E), Mumbai 400 051
Fax No. 022-22723121/719/22702037/39	Fax No. (022-2659 8237/38)
Scrip Code: 532782	**Scrip Code : SUTLEJTEX**

Dear Sirs,

Please find enclosed herewith a copy of the Presentation with respect to the Unaudited Financial Results for the quarter ended 30th June, 2016.

Thanking you,

Yours faithfully,
For Sutlej Textiles and Industries Limited

(DILIP GHORAWAT)
WHOLETIME DIRECTOR AND CFO

SUTLEJ TEXTILES AND INDUSTRIES LTD. Bhawanimandi (RAJ.)

Encl:a.a.

sutlej

textiles and industries limited

Result Presentation
Q1 FY17

Safe Harbor

Certain statements in this document may be forward-looking statements which are based on some assumptions and expectations of future events. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, domestic or international economic developments, and many other factors that could cause the actual results to differ materially from those contemplated by the relevant forward-looking statements.

Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other risk factors, viewers of this presentation are cautioned not to place undue reliance on these forward looking statements. Sutlej Textiles and Industries Ltd will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update, amend, modify or revise these forward-looking statements to reflect subsequent events or developments.

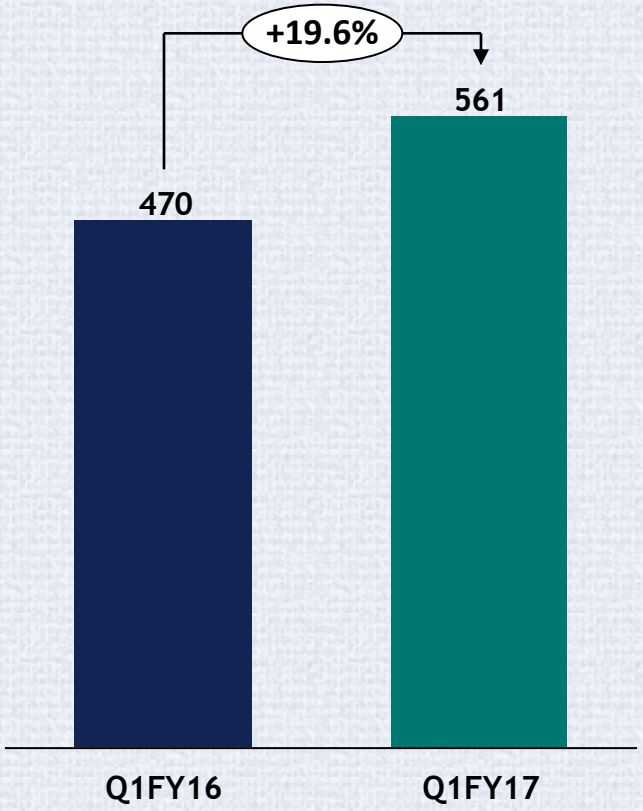
Agenda

1. Q1 FY17 – Key Financial Highlights
2. Q1 FY17 – Key Business Update
3. Corporate Overview
4. Segment Presence – Yarn & Home Textiles
5. Annual Financial Performance
6. Business Outlook

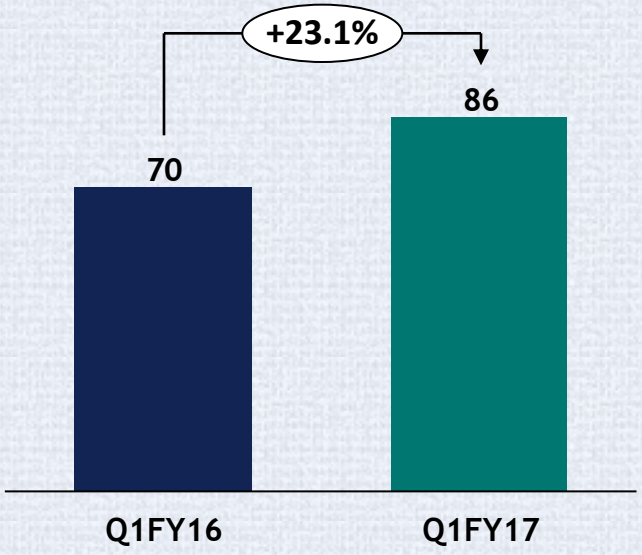
Q1 FY17 – Key Financial Highlights

Q1 FY17 – Financial Performance

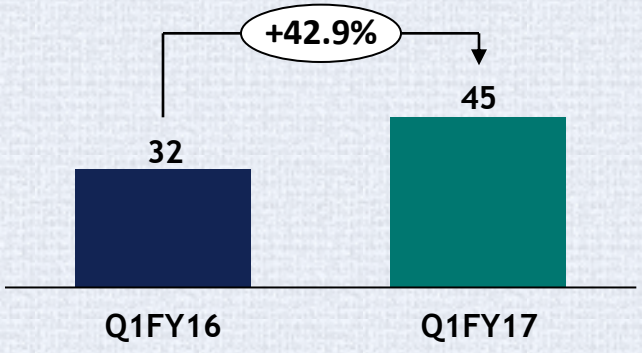
Total Income (Rs Cr)



EBITDA (Rs Cr)



PAT (Rs Cr)



Improved performance due to operational efficiency, debottlenecking and changing product mix

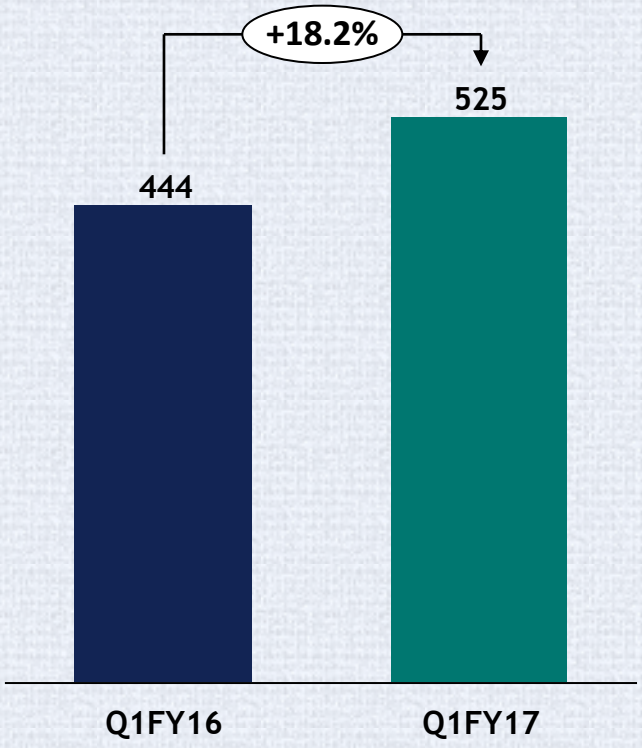
Profitability Highlights

Rs. In Cr	Q1 FY17 #	Q1 FY16 ##	YoY %	FY16*	FY15*	YoY %
Total income	**561**	**470**	***19.6%***	**2,302**	**1,918**	***20.0%***
Raw Material Cost	307	269		1,330	1,143	
Employee Cost	63	48		236	175	
Other Expenses	105	83		425	328	
EBITDA	**86**	**70**	***23.1%***	**311**	**272**	***14.3%***
Depreciation	21	18		84	70	
Finance Cost	13	12		47	53	
Profit Before Tax & Exceptional items	**52**	**40**		**180**	**149**	
Exceptional Items	-	-		4	1	
Tax	7	8		33	33	
Profit After Tax	**45**	**32**	***42.9%***	**143**	**115**	***24.2%***
Earnings Per Share (Rs)	**27.52**	**19.26**		**87.51**	**70.48**	

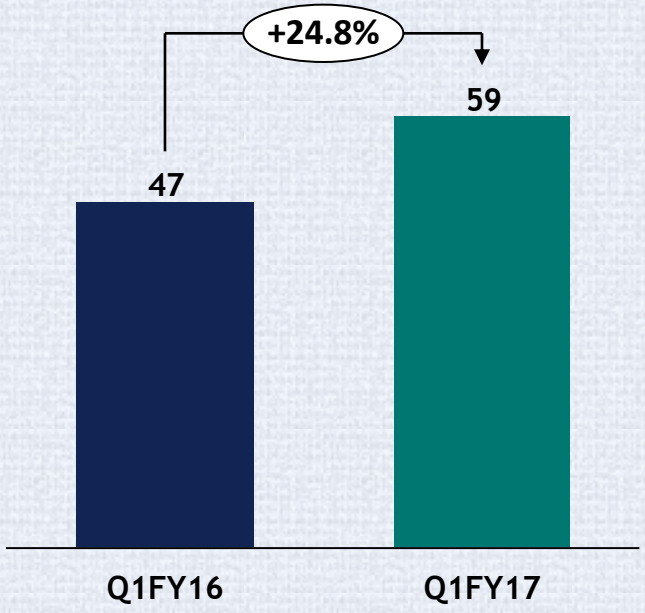
 # Based on Ind AS
The financial results are exclusive of Birla Textile Mills as per Ind AS
** Based on IGAAP.*

Yarn segment registering growth

Revenue (Rs Cr)



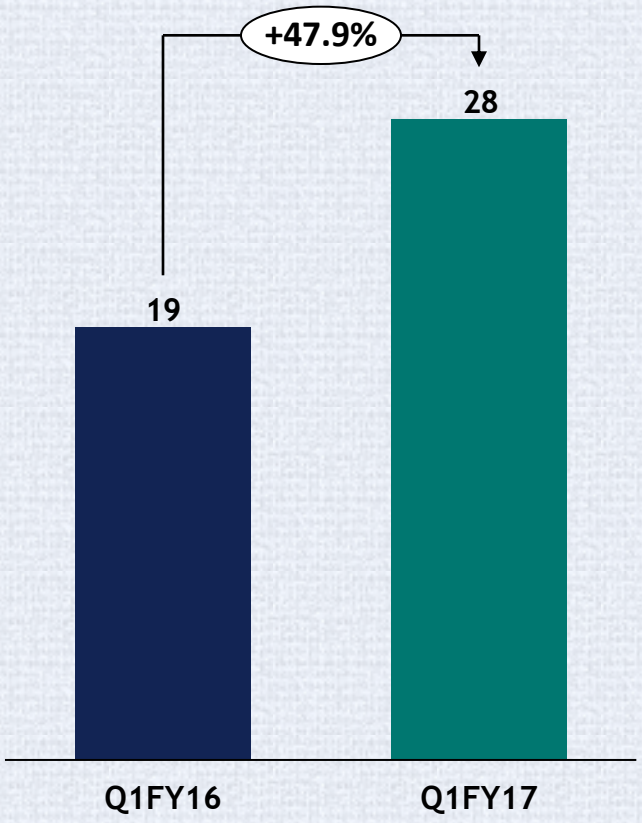
EBIT (Rs Cr)



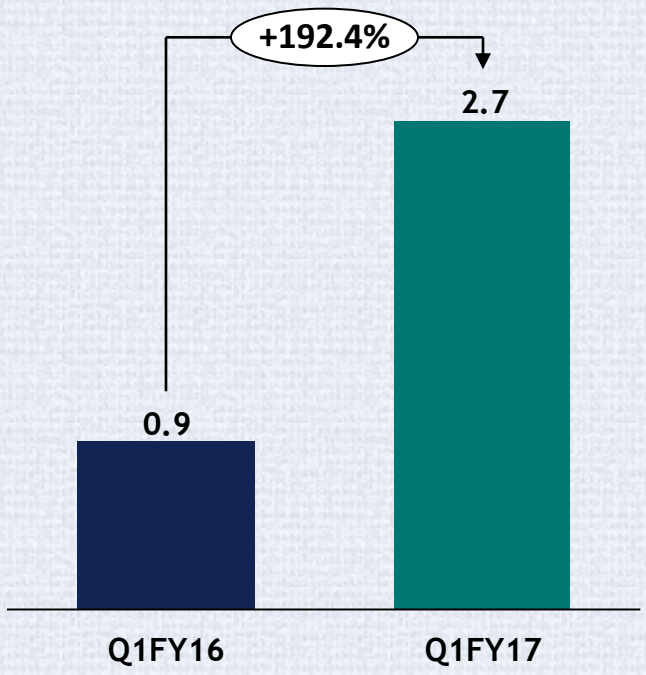
Increasing share of value added product to boost revenues and profitability

Gradual growth in Home Textile segment

Revenue (Rs Cr)



EBIT (Rs Cr)



Comments of Executive Chairman Mr. C. S. Nopany on the results

The Company's concentrated efforts of focusing on specialty yarn products and enhancing home textile capacity facilitated in maintaining the growth momentum during this quarter, as the world grappled with new dimensions of economic uncertainty and stressed rural economy in the country. Our consistent & healthy financial performance enabled upgrading of credit rating to CARE AA for long term bank facilities (Term Loan / Fund based facilities).

With forecast of above-normal monsoon, implementation of 7th pay commission and other Government initiatives, we are optimistic about the future. I hope with ongoing expansion projects to scale up the production of value added yarns and Home Textiles the Company will be able to deliver better performance in coming years.

Q1 FY17 – Key Business Update

Key Business Update and Growth Drivers

Brown field project - Capacity Expansion of Value Added Products at Bhawanimandi, Rajasthan

- Work on the expansion project for adding 35,280 spindles at its Bhawanimandi, Rajasthan facility at a project cost of Rs.270 crores is progressing as per schedule. The project is likely to commence production in Q4 FY2017.
- Process of Trial run on first 9,000 spindles commenced on 5th August 2016
- Project is being funded by mix of internal accruals and term loans sanctioned under TUFS
- Dedicated capacity focused towards producing Value Added Cotton blended dyed and Mélange Yarn

Home Textiles Division expansion on track

- Expansion project to increase installed capacity to 9.6 million metres p.a. is progressing as per schedule and likely to complete by Q4 FY2017
- Out of 54 looms to be installed, the Company has installed 36 looms and has placed order for 18 looms. The present installed capacity has reached to 8.4 million metres p.a.
- Total project cost of Rs.88.5 crores is being funded by mix of internal accruals and term loans sanctioned under TUFS
- Increased presence in Home Textile segment will result in further strengthening of Company's end to end operations – Yarn to Home Textile

Key Business Update and Growth Drivers cont…

Modernisation Update

- Invested around Rs.17 crore during the quarter, towards technology up-gradation and debottlenecking, etc. This will result in improvement of efficiency and sustaining plant utilization.
- Acquired 13 acres of Freehold land near Birla Textile Mills, Baddi at a cost of around Rs.14 crore
- Intends to deploy further amount of ~Rs.67 crore during the year towards technology up-gradation and debottlenecking, etc.

Credit Rating upgrades during the Quarter

- CARE upgrades STIL rating to **CARE AA (Double A)** for Long Term Bank Facilities (Term Loan/Fund based limits) from CARE AA- (Double A minus) signifying **high degree of safety** regarding timely servicing of financial obligations. Such facilities carry very low credit risk.
- **CARE A1+ (A One Plus)** for Short Term Bank Facilities (Fund and Non Fund based) and Commercial Paper is **affirmed** signifying **very strong degree of safety** regarding timely payment of financial obligations. Such facilities carry lowest credit risk.
- For FY 2016-17, Company has discontinued rating engagement with India Ratings and Research Pvt. Ltd. in view of non-requirement of the same under Basel II norms of RBI.

Corporate Overview

Company Overview

- **India's largest Spun-dyed Yarn manufacturer and leading textile player with presence across value chain – from Yarn to Home Textile**
  - Increasing capacity of high margin Value-Added Products - Cotton blended dyed and Mélange Yarn
- **State-of-the-art manufacturing facilities located at Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat**
  - 377,688 spindles capacity of Yarn
  - 8.4 Million Meters Per Annum capacity of Home Textiles
- **Global footprint with presence spans over 55 countries across Europe, North America, South-East Asia, etc.**
- **Fortifying and enduring relationship with marquee clients like Page Industries, Siyaram's, Donear, Shivalik Print, Arrow, Grasim, etc.**
- **A publicly-held company with its shares traded on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).**
- **Strong Credit Ratings:**
  - CARE upgrades STIL rating to **CARE AA** for Long Term Bank Facilities (Term Loan/Fund based limits) from CARE AA-
  - CARE reaffirmed STIL rating at CARE A1+ for short term bank facilities (Fund and non-fund based) and Commercial Paper

Journey from spun dyed yarn manufacturer to …

2005

- Incorporated as a result of Corporate Restructuring in which Textile Division of Sutlej Industries Limited and Damanganga Processor Limited were demerged

2006-07

- Entered Home Textiles segment through Damanganga Home Textiles
- Expansion of Kathua and Bhawanimandi units by 35,400 spindles and 2,112 spindles respectively to manufacture PV Dyed Yarn completed

2008-09

- Expansion at Bhawanimandi unit by 7,488 spindles to manufacture PV Dyed Yarn was completed
- 12,672 Spindles added at Bhawanimandi, unit for manufacturing Cotton Yarn

2009-10

- Commenced commercial production w.e.f May 1, 2009 from expanded capacity of 31,104 Spindles at Chenab Textile Mills, J&K to manufacture Cotton Mélange and Cotton Blended Dyed Yarn
- Installed 12 MW Thermal Power Plant at Bhanwanimandi unit

2014

- 31,104 spindles added at Chenab Textile Mills - J&K for manufacturing value added cotton mélange and cotton blended dyed yarn

2015-16

- Acquisition of Birla Textile Mills, a unit of Chambal Fertilizers and Chemical Limited
- 35,280 spindles - commenced work on Brown field expansion project to manufacture Value Added Cotton blended dyed and Mélange Yarn at Rajasthan
- 7.1 mmpa - commenced expansion of Home Textile facilities at Gujarat

… strengthen end to end operations - Yarns to Home Textile

Corporate Governance at the Helm

Board of Directors	
Mr. C.S. Nopany	Executive Chairman
Mr. U.K. Khaitan	Independent Non Exec Director
Mr. Amit Dalal	Independent Non Exec Director
Mr. Rajan Dalal	Independent Non Exec Director
Ms. Sonu Bhasin	Independent Non Exec Director
Mr. Rajiv K. Podar	Independent Non Exec Director
Dr. Mahmoodur Rahman	Independent Non Exec Director
Mr. Dilip Ghorawat	Whole Time Director & Chief Financial Officer

Key Executives	
Mr. S.K. Khandelia	President & CEO
Mr. D.R. Prabhu	Company Secretary

State of the art manufacturing facilities …

	Chenab Textile Mills	Rajasthan Textile Mills	Birla Textile Mills	Damanganga Home Textile
Location	Kathua, Jammu & Kashmir	Bhawanimandi, Rajasthan	Baddi, Himachal Pradesh	Daheli, Gujarat
Products	❑ Cotton Mélange Yarns ❑ Man-made Fibre Yarns	❑ Cotton Yarns ❑ Man-made Fibre Yarns	❑ Cotton Yarns ❑ Man-made Fibre Yarns	❑ Home textiles furnishings
Present Capacity	106,175 Spindles for Cotton Mélange Yarns; 97,129 Spindles for Man-made Fibre Yarns	91,008 Spindles	83,376 Spindles	8.4 million metres per annum

…. Strategically located near the marketing centers

Wide distribution network and marquee clientele

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textiles and industries limited

Presence and strong brand image across globe in over 55 countries…

Evolved as vendor to…

Siyaram's FABRIC TO FASHION
DONEAR
SHIVALIK PRINTS LTD.
ADITYA BIRLA GRASIM
sears
Page Industries
ARROW USA·1851
Arvind
Raymond

Expanded global foot print …
…De-risk over dependence on few geography

…partner to leading textile solution providers

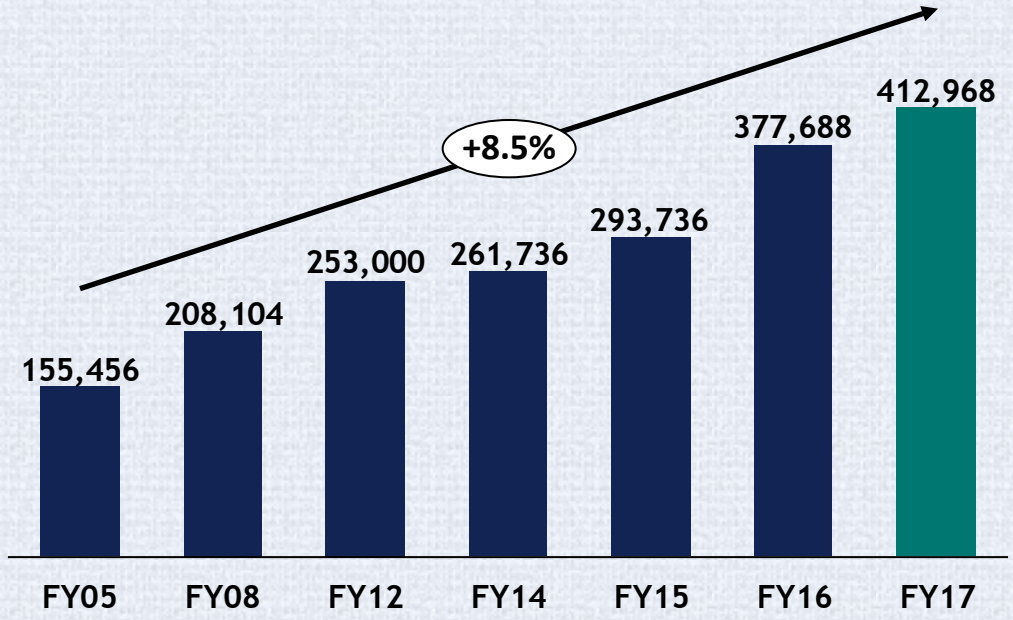
Diverse and wide product portfolio

- One stop shop for all kinds of spun dyed yarns
- Focus on value added yarns that fetched superior realisations like Cotton Mélange Yarn, Dyed Synthetic Yarn
- Diversified offerings with presence across value chain with - Yarns & Home Textile

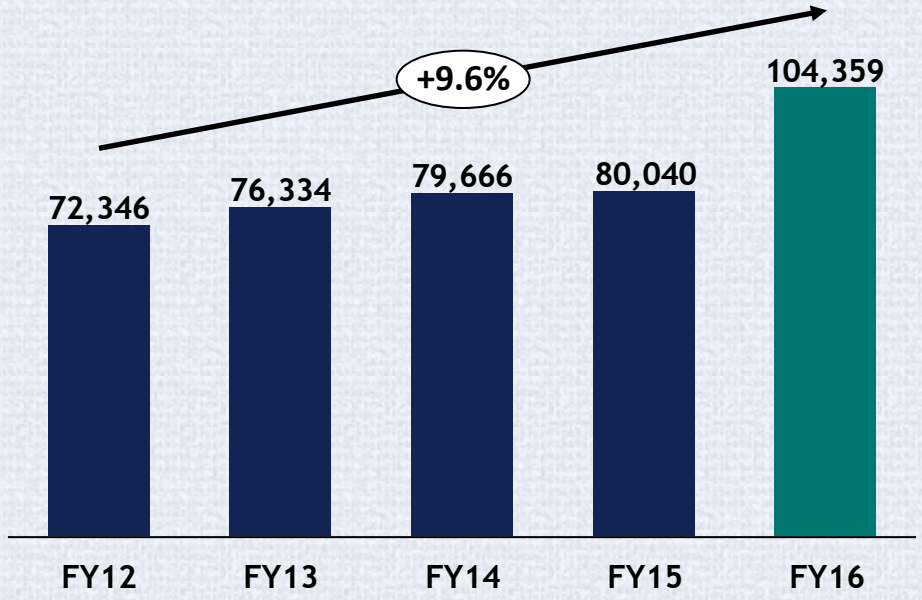
Segment Presence – Yarn & Home Textiles

Yarn - Consistent capacity addition over the years

Spindles capacity



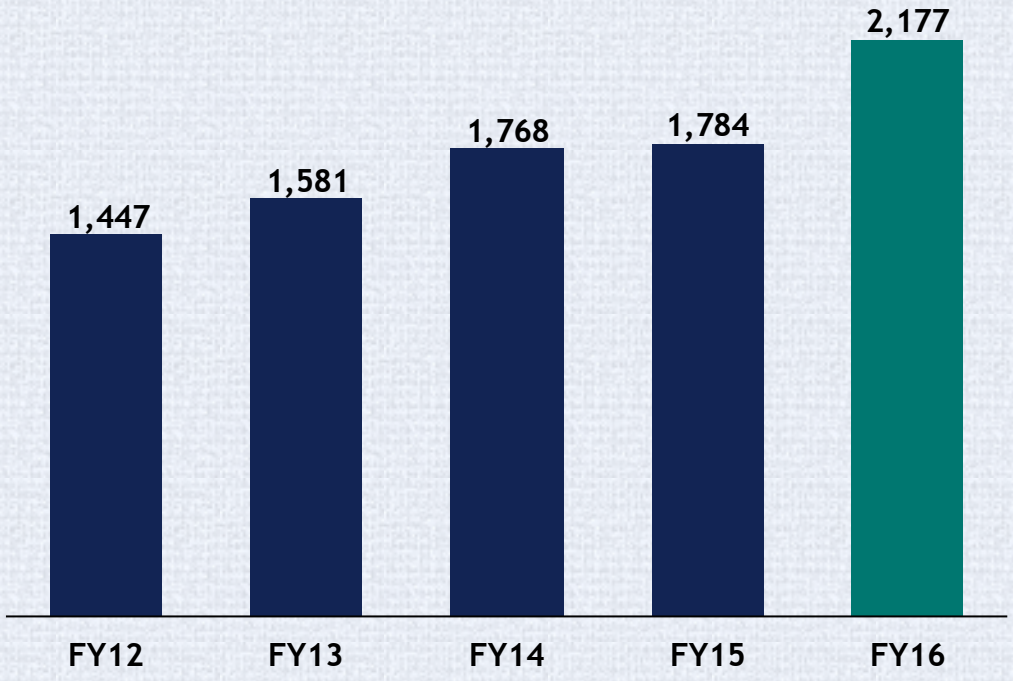
Sales (MT)



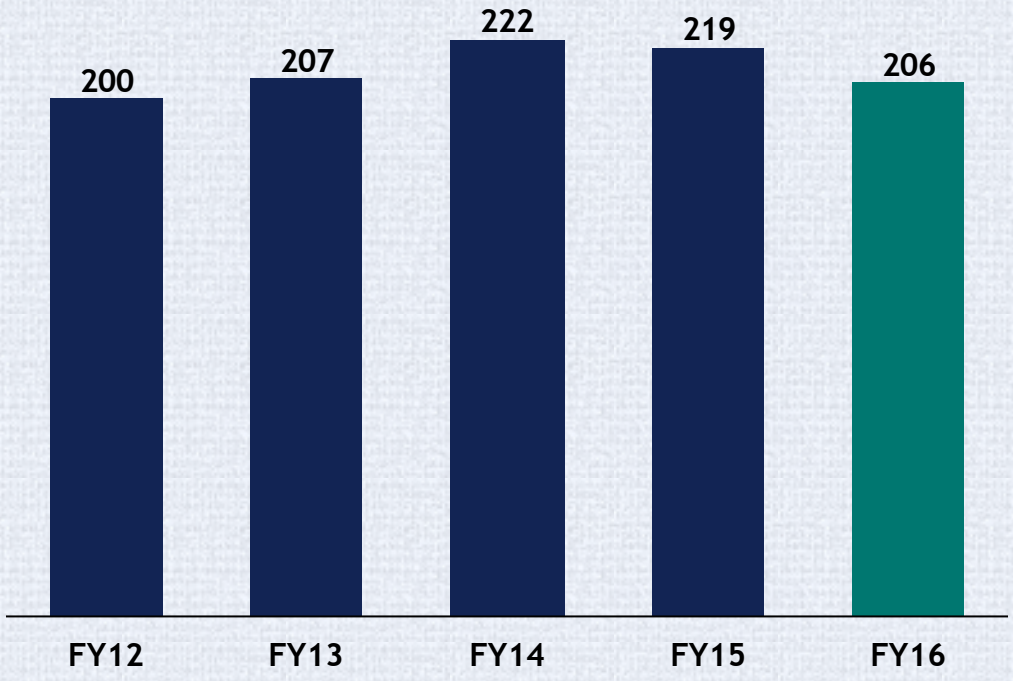
- Invested in modernization - 54% of spindle age are less than a decade old
- Increasing share of Value-added product portfolio of Cotton Mélange Yarn and Dyed Synthetic Yarn
- Larger Scale of Production leading to optimum utilization of resources

Registering strong growth in Yarn segment…

Revenue (Rs. Cr)



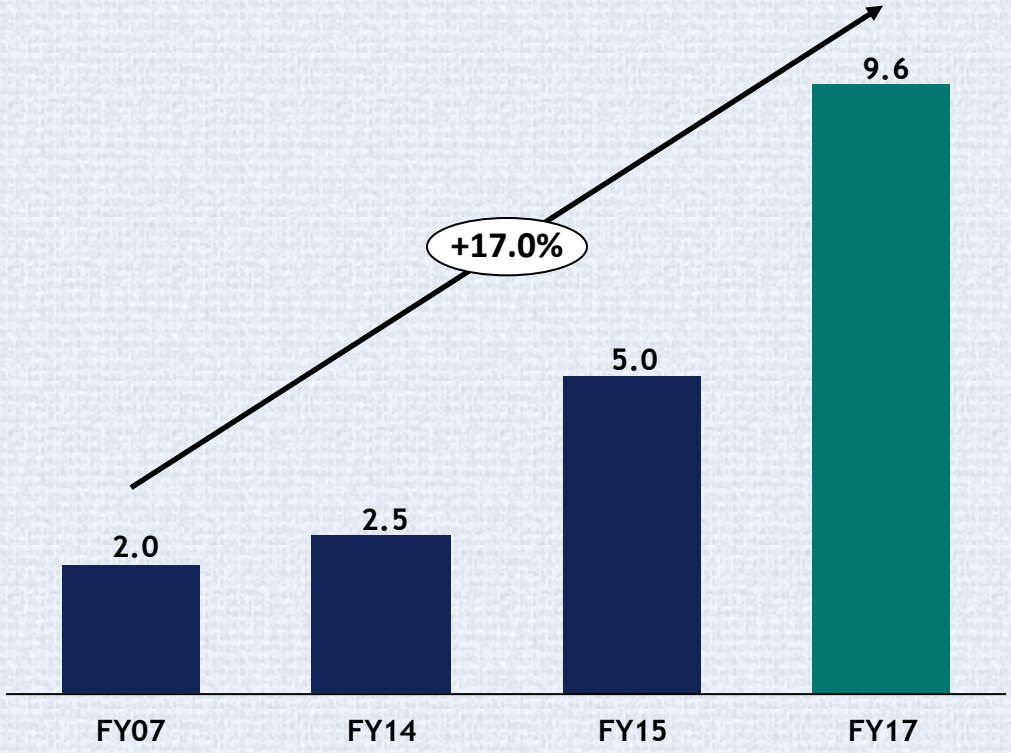
Average Sales Realisation (Rs / Kg)



… through multiple capacity expansions as well as profitable acquisitions

Home Textiles – Entering Growth Orbit

Capacity (Million Meters Per Annum)

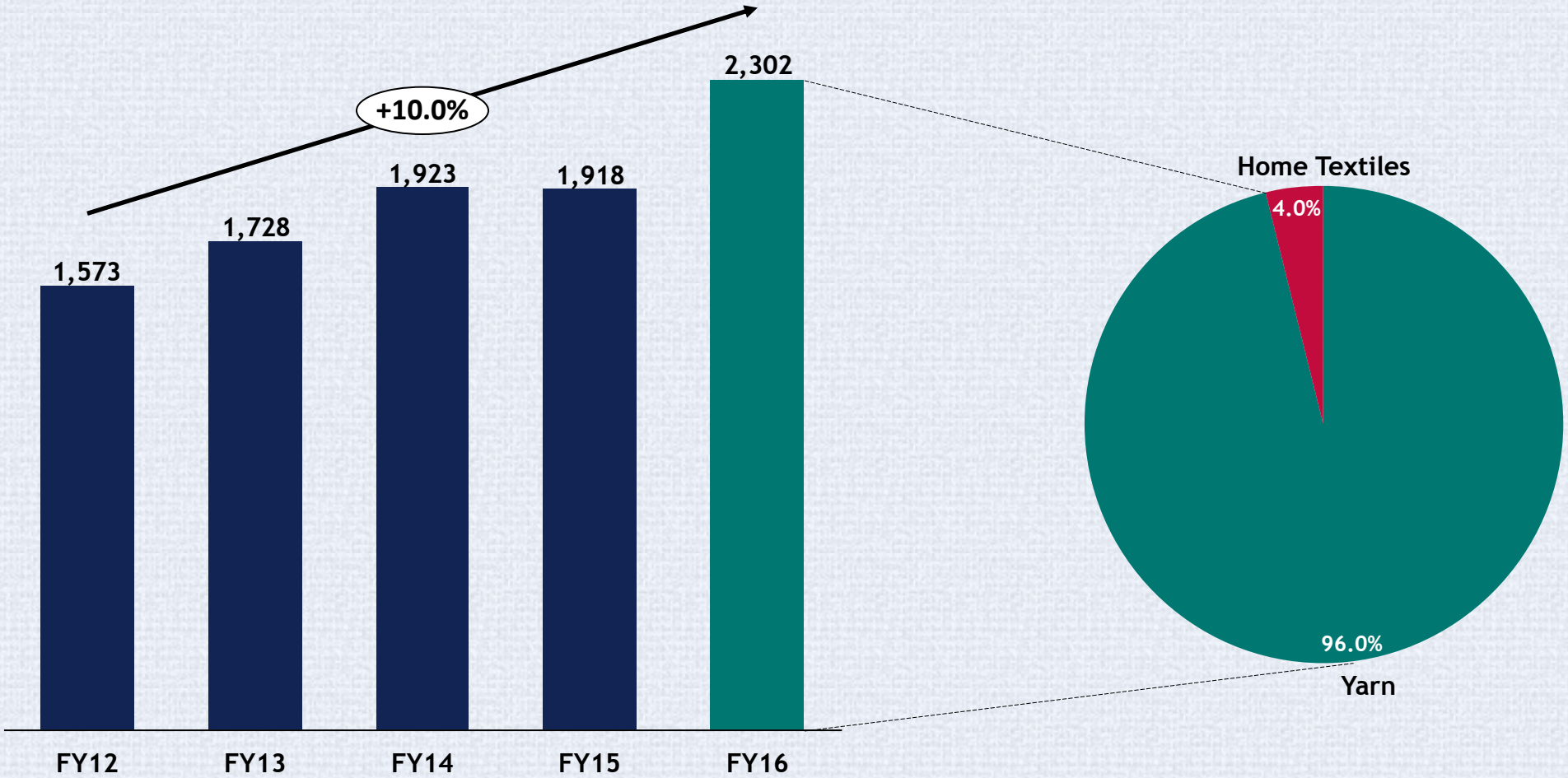


- Entered the Home Textiles segment in 2006-07
- Capacity to expand by 4.6 mmpa to 9.6 mmpa by FY17
- Continued focus on driving category premiumisation
- Product range includes
  - Furnishing Fabrics
  - Curtain Fabrics
  - Upholstery Fabrics
- Current Capacity utilisation over 80%
- Growing into a sizeable & profitable business
- Contributes ~5% to the overall revenues to Company

Bring economy of scale and strengthen Company's end to end operations

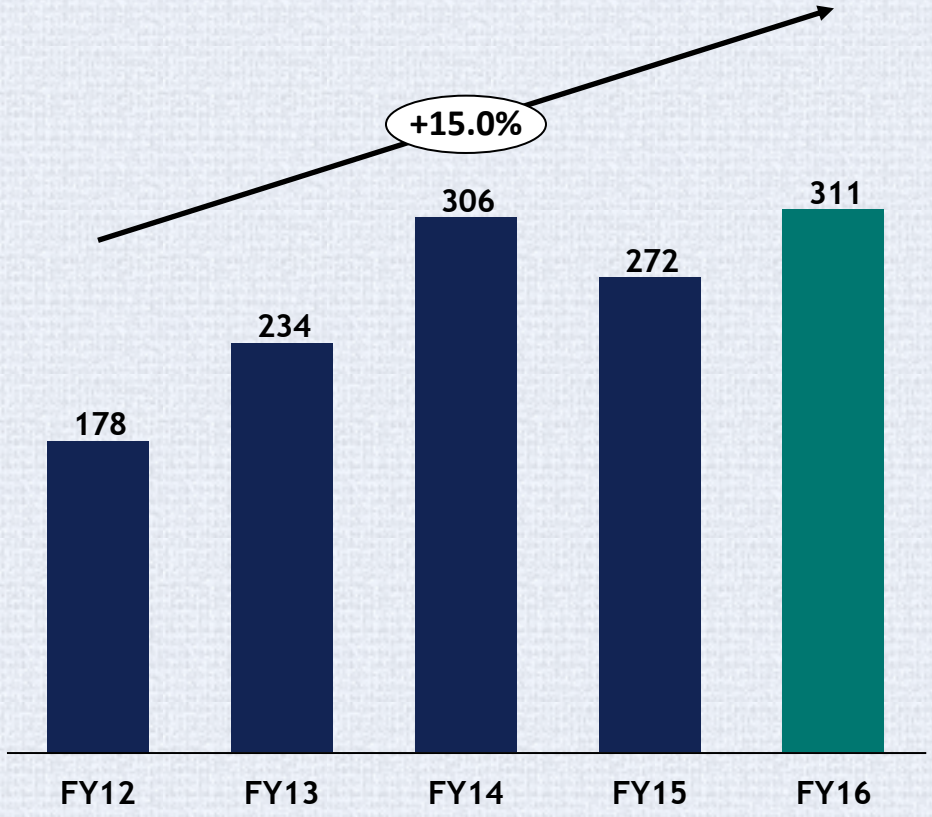
Annual Financial Performance

Total Income at new peak …

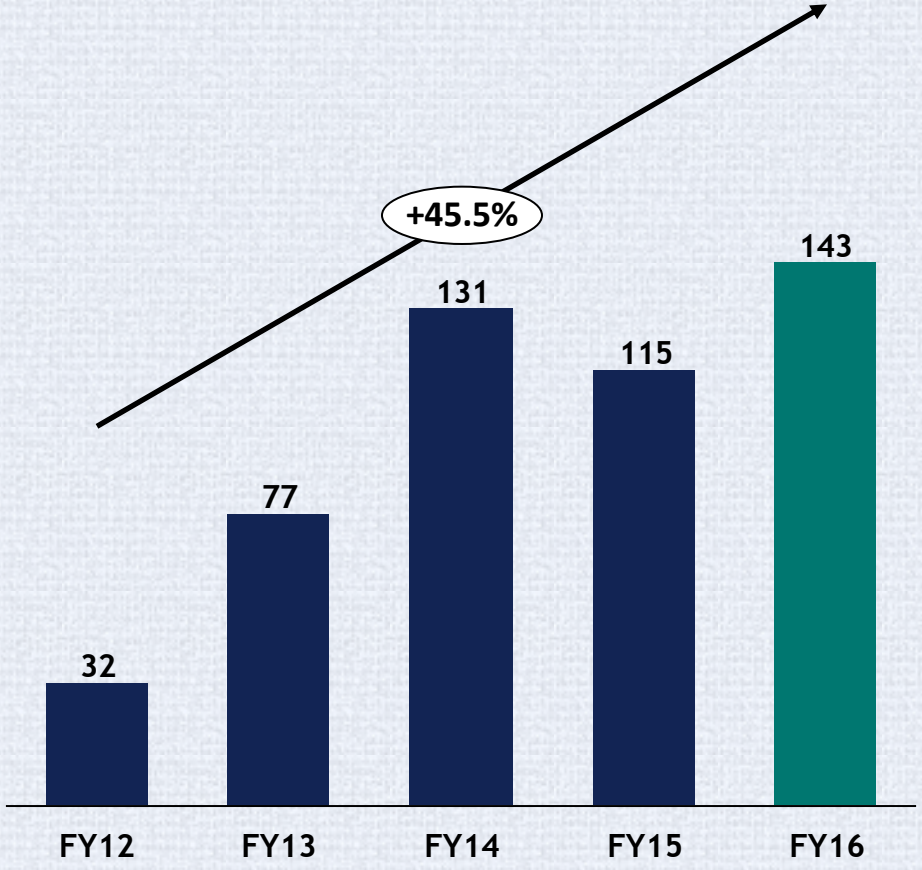


… Highest ever profitability

EBITDA (Rs Cr)

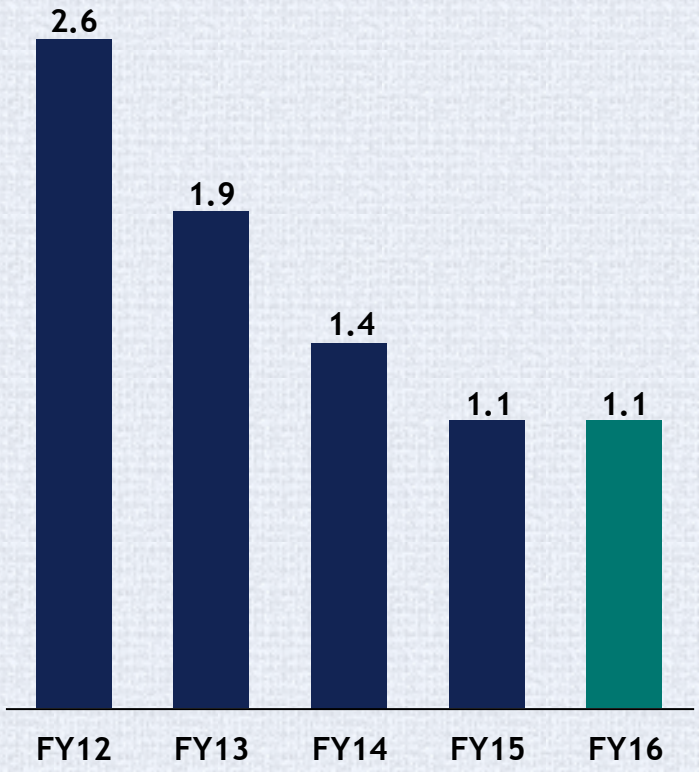


Net Profit (Rs Cr)

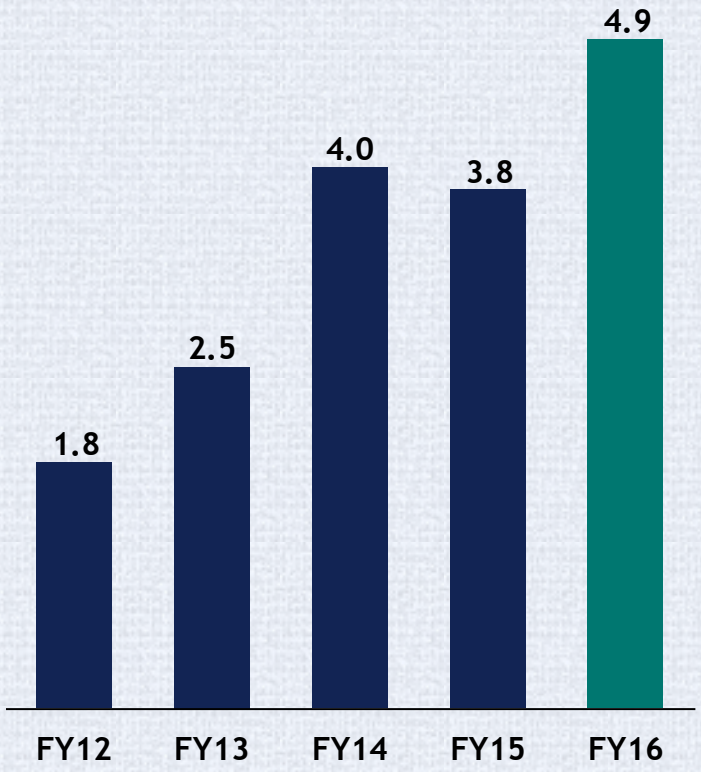


… and strong leverage position

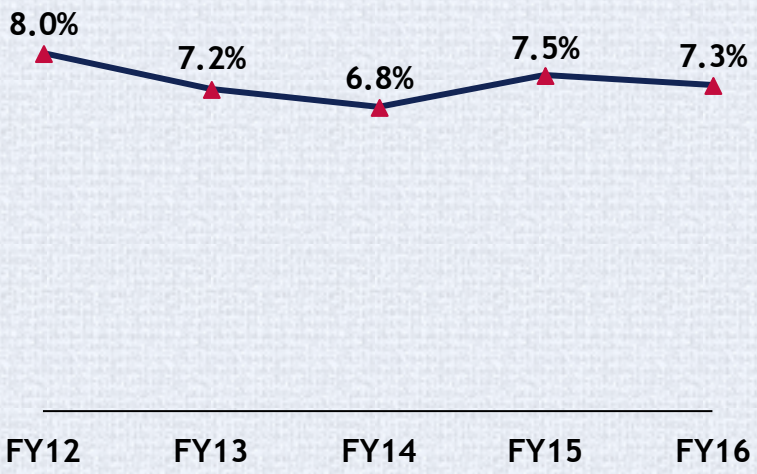
Improving Total Debt / Equity Ratio



Robust Interest Coverage

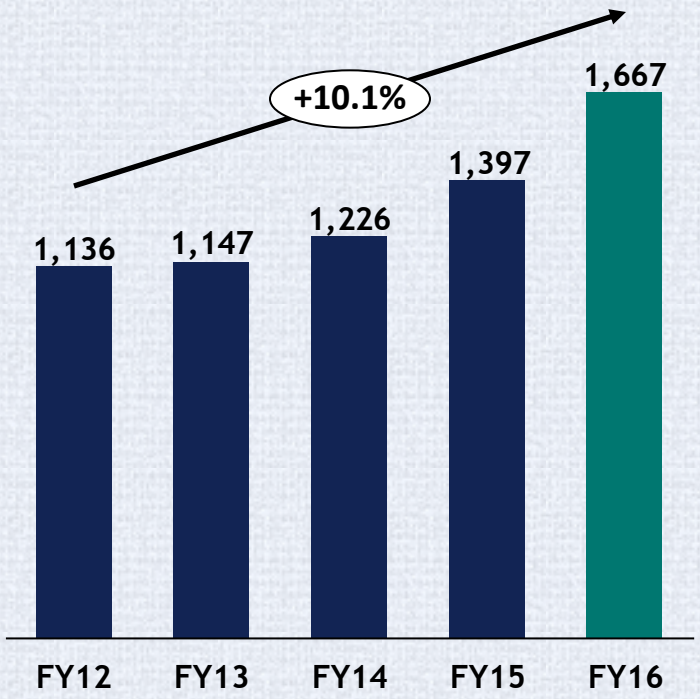


Average Interest Rate of Term Loans (After TUF)

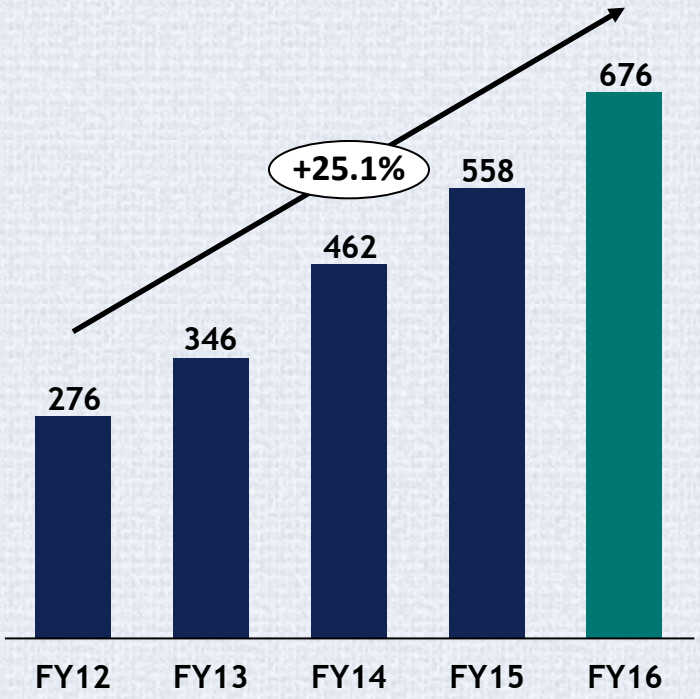


Strong Balance Sheet…

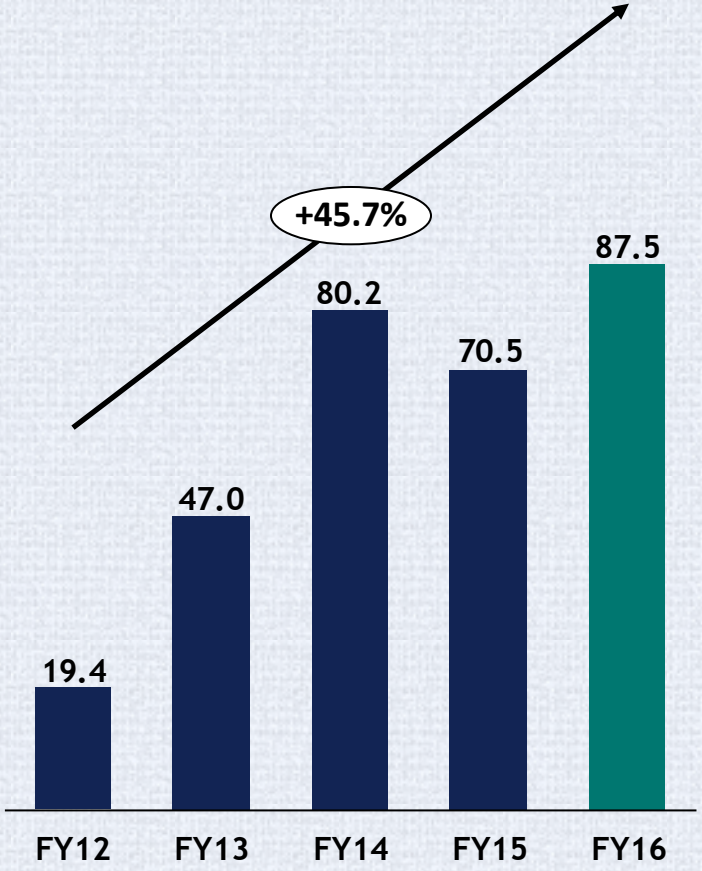
Growing Gross Block (Rs Cr)



Increasing Networth (Rs Cr)



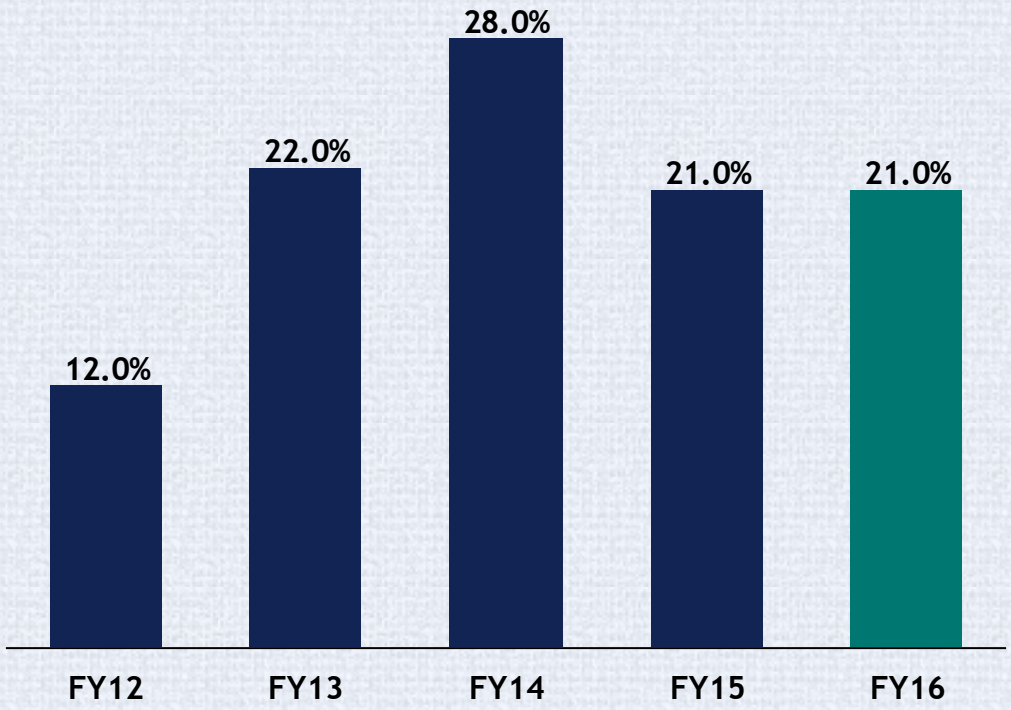
Surging Earning Per Share (Rs)



Continuous growth plan leading to consistent profitability

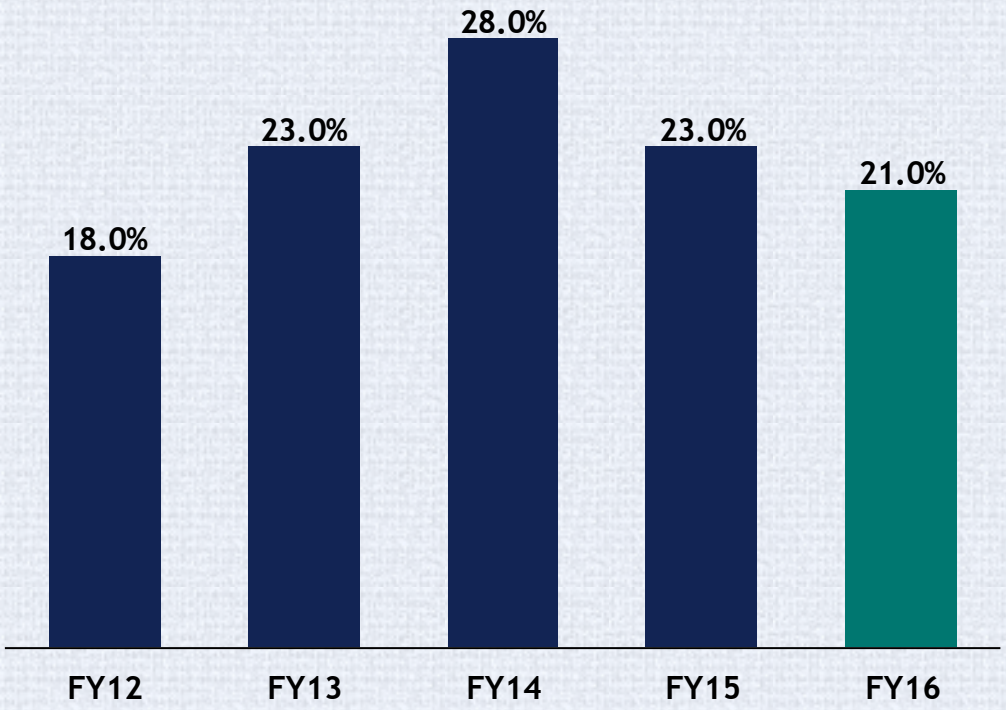
…with healthier return ratios in the industry

Strong Return on Equity (RoE)



RoE = Profit After Tax /Networth

Consistent Return on Capital Employed (RoCE)

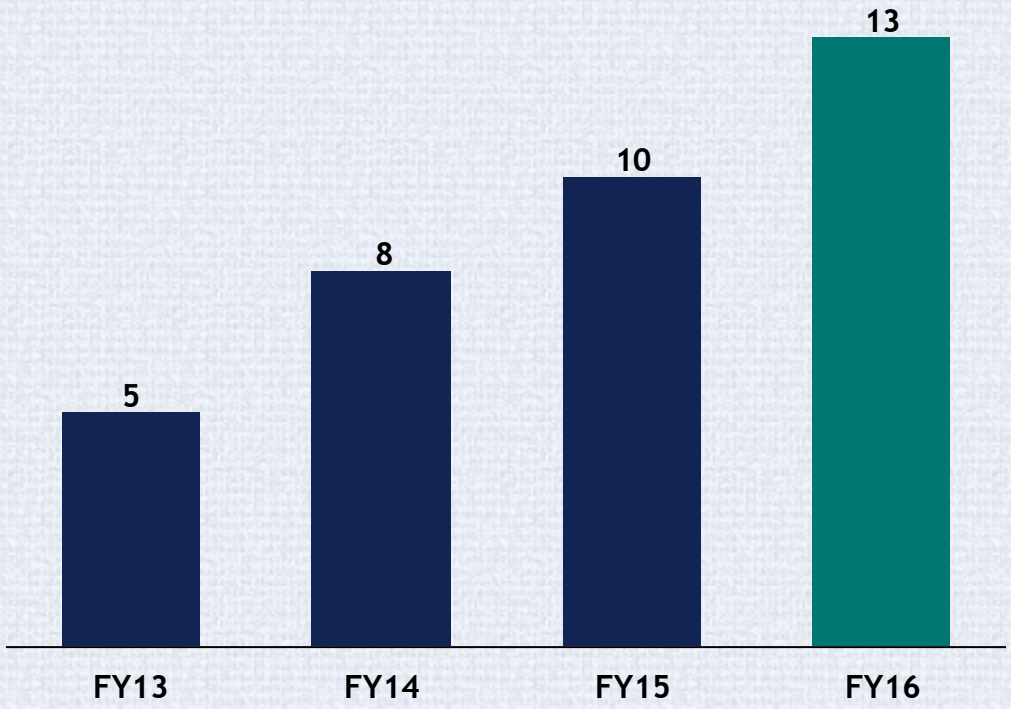


RoCE = EBITDA/Capital Employed (Networth + Debt)

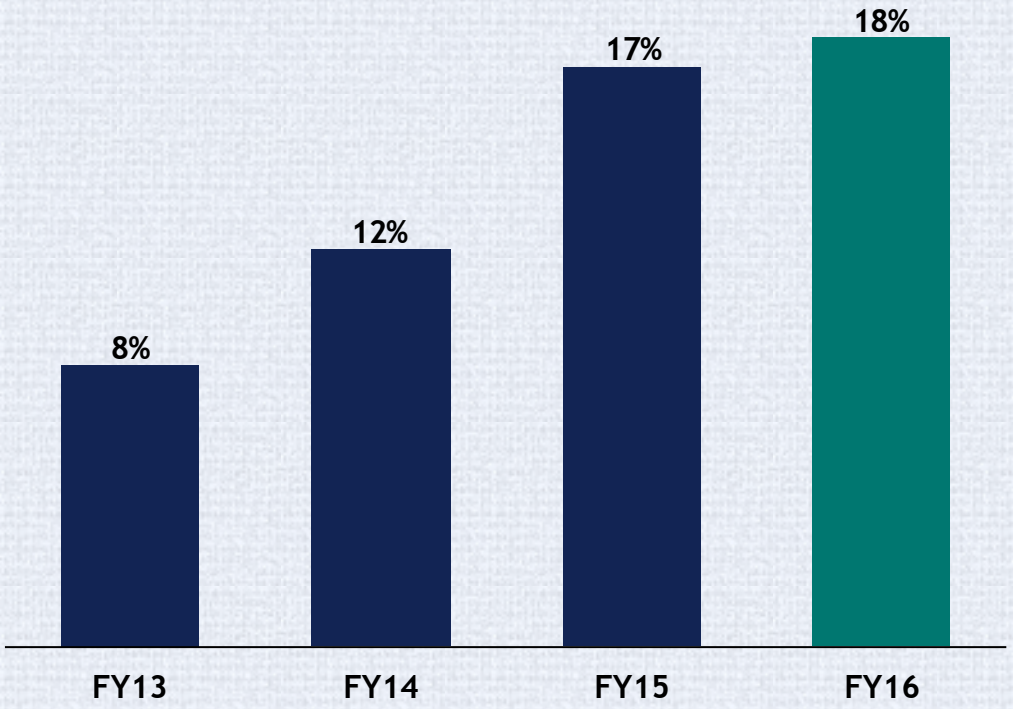
Consistently generating Returns over 20%

Highest ever Dividend in history of Company

Dividend Per Share (Rs)



Dividend Payout (%)



Board recommended highest ever Dividend of Rs 13 per equity share for FY16

Key financial highlights

Particulars	Rs. in Cr			USD mn		
	FY14	FY15	FY16	FY14	FY15	FY16
Total Revenues	1,923	1,918	2,302	337	315	339
EBITDA	306	272	311	54	45	46
PAT	131	115	143	23	19	21
Total Assets	1,273	1,341	1,709	223	220	251
Net Worth	462	558	676	81	92	99
Long Term Debt	267	339	427	47	56	63
Total Debt	630	598	767	111	98	113
ROE	28%	21%	21%	28%	21%	21%
Long Term Debt – Equity	0.6	0.6	0.6	0.6	0.6	0.6
Interest Coverage	4.0	3.8	4.9	**4.0**	**3.8**	4.9
EPS - Basic & Diluted	80	70	87	1.4	1.1	1.3

USD calculations based on Avgerage rate: FY14: Rs. 57/USD; FY15: Rs. 61/USD; FY16: Rs. 68/USD

Business Outlook

Business Outlook

Niche Value Added Products

- Consistent production of high margin value added products to result in greater proportion of Cotton blended dyed and Mélange Yarn in the overall mix

Growing Core Business

- Acquisition of BTM & enhancing spindles capacities towards manufacturing Cotton blended dyed and Mélange Yarn to offer synergies and economies of scale

Renewed Focus on Core Business

- Sharpened focus on core yarn business coupled with renewed strategy for home textile segment to result in improved and diversified product mix

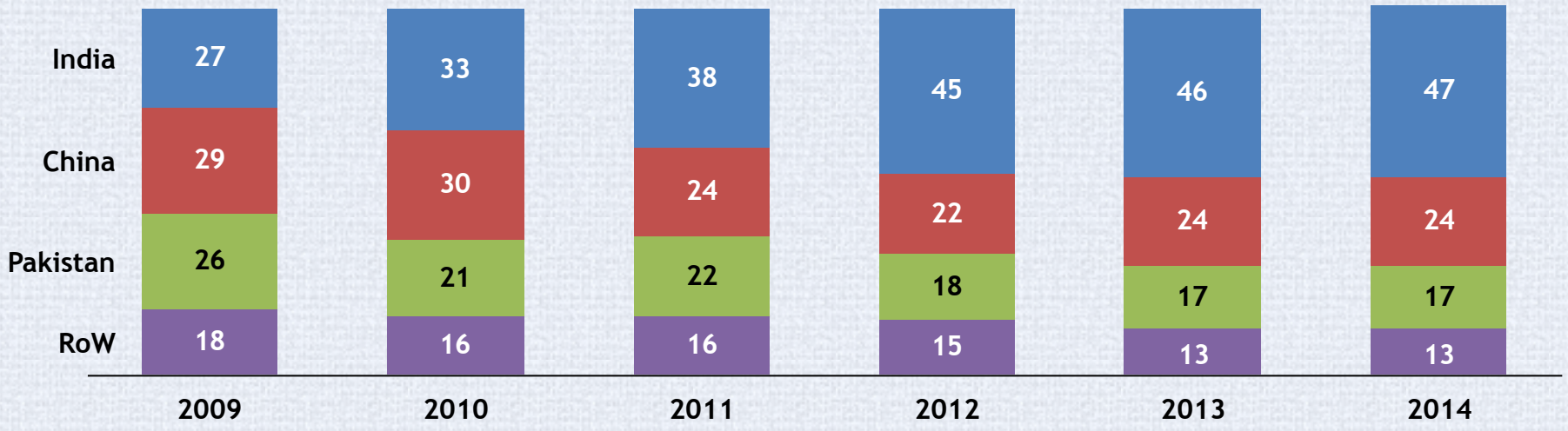
Growth Drivers

- Capacity ramp up of value added items, increased capacity under home textile business and lowering of leverage to drive margins and profitability
- Changing lifestyle, rising disposable income, demand for quality products, recovery in developed economies; rising labor cost & instability in neighboring countries

Industry Discussion – Home Textiles

- Global Home Textile market is estimated at USD 45 bn
- India's market share on a continuous uptrend (improved 20% points over the last five years – from 27% in 2009 to 47% in 2015)

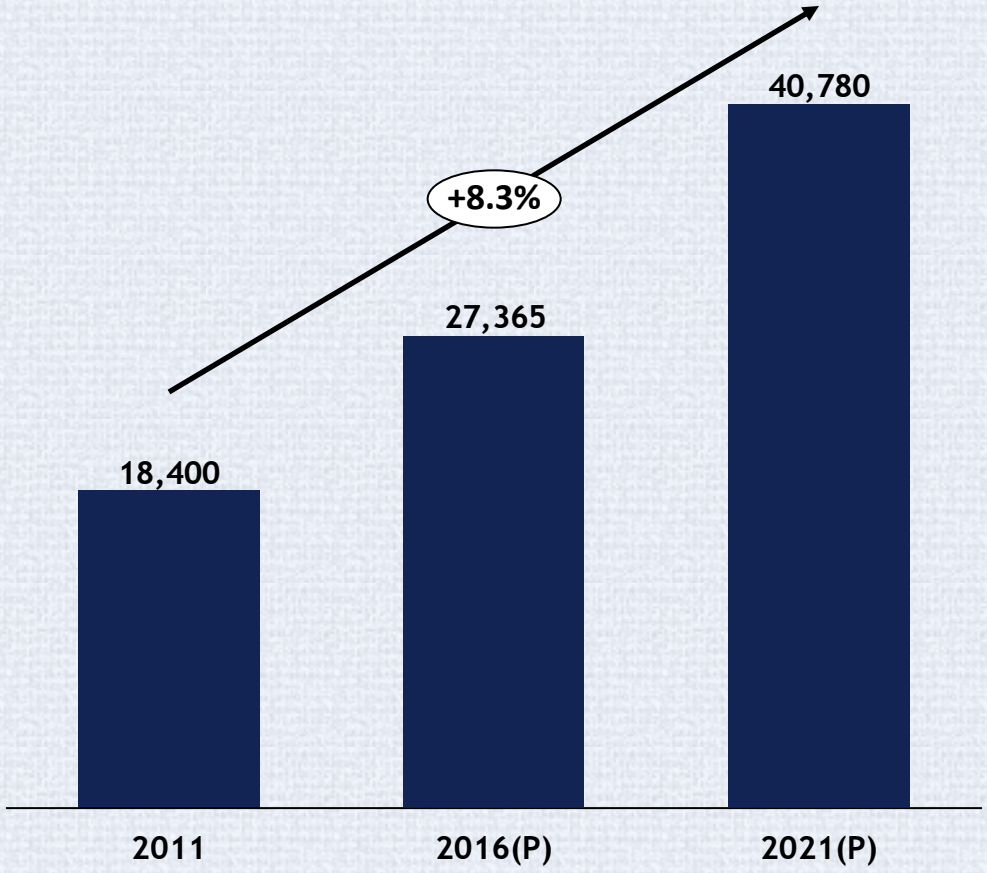
India's Market Share on a continuous uptrend



Source: Industry

Domestic Home Textile Industry Overview

Domestic Home Textile Market (Rs Cr)



Category wise market break-up (Rs Cr)

Categories	2011	2016 (P)	2021 (P)	CAGR (%)
Bed Linen	8,965	13,170	19,350	8.0
Towels	3,320	4,840	7,060	7.8
Curtains	1,850	2,975	4,790	10.0
Blankets	1,465	2,040	2,850	6.9
Upholstery	1,190	1,915	3,080	10.0
Kitchen Linen	1,110	1,635	2,400	8.0
Rugs & Carpets	500	790	1,250	9.6
Total	**18,400**	**27,365**	**40,780**	**8.3**

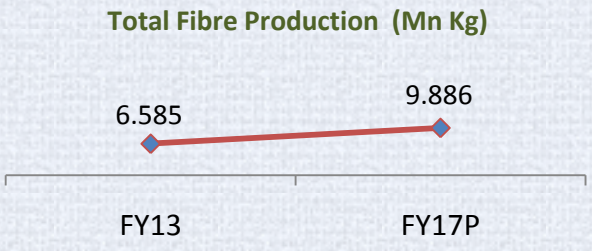
Source: Technopak

Indian Textile Sector - Present

$108 Billion	Indian Textile sector current size
2nd	Largest employment generator, Employs 45 mn people directly
50	Million spindles along with 842,000 Rotors capacity across ~3,400 mills
13%	Share in country's export earnings
10%	Contribution to India's manufacturing production
2%	Contribution to India's gross domestic product

Source: Annual Report of MOT, GOI for 2015-16 and IBEF

Indian Textile Sector Potential



Source: Ministry of Textiles, Planning Commission, Technopak, Aranca Research

Market Value (2013) : USD100 bn

- Robust Demand
- Competitive Advantage
- Policy Support
- Increasing Investments

Market Value (2020P) : USD 220 bn

Sector expected to witness significant growth resulting in expanding from present size - $100bn in 2013 to $220bn by 2020

About Us

Sutlej Textiles and Industries Ltd (STIL) (part of S&P BSE SMALL CAP Index), an ISO 9001:2008 certified Company, is one of India's largest spun dyed yarn manufacturer. Under the leadership of Mr. C S Nopany, Executive Chairman of STIL, a Chartered Accountant and Master of Science in Industrial Administration from Carnegie Mellon University, the Company has focused on value added yarns and home textiles. Over the years, the Company has also successfully carved out a niche for itself and is holding leadership position in the dyed yarn and cotton mélange yarn segment. The total spinning capacity of the Company presently stands at 377,688 spindles.

STIL has a strong global clientele and exports to more than 55 countries. It has presence across major developed and emerging economies like Australia, Argentina, Bangladesh, Bahrain, Belgium, Brazil, Canada, China, Chile, Cuba, Egypt, France, Germany, Hong Kong, Italy, Morocco, New Zealand, Peru, Philippines, Poland, Portugal, Russia, Saudi Arabia, Sri Lanka, Turkey, United States of America, the United Arab Emirates (UAE) and The United Kingdom, among others.

STIL has also been recipient of numerous prestigious awards like Niryat Shree – Gold trophy award for its Export performance in spun yarn; Gold trophy by SRTEPC for best performance for export of fabrics to focused Latin American countries and Silver trophy by SRTEPC for Second best export performance in spun yarn category.

For further information, please contact:

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Thank You