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textiles and industries limited

SUTLEJ TEXTILES AND INDUSTRIES LIMITED
Solaris Building No. 1, D-Wing, 4th Floor, Solaris Complex,
Saki Vihar Road, Powai, Andheri (East), Mumbai - 400072.
Phone : (022) 4219 8800 Fax : (022) 4219 8804/31
E-mail : info@rtmyarn.com Website : www.sutlejtextiles.com
CIN No : L17124RJ2005PLC020927

STIL/ November 03, 2015

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 September, 2015.

Thanking you,

Yours faithfully,
For Sutlej Textiles and Industries Limited

SUTLEJ TEXTILES AND INDUSTRIES LTD. Bhawanimandi (RAJ)

(D.R.Prabhu)
Company Secretary

Encl:a.a.

cc by hand delivery

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Results Presentation
November, 2015

Safe Harbor

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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

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1. Q2 & H1 FY16 – Key Business Update
2. Q2 & H1 FY16 – Financial Highlights
3. Corporate Overview
4. Competitive Advantages
5. Annual Financial Highlights
6. Business Outlook

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Q2 & H1 FY16 – Key Business Update

Key Business Update

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Acquisition of Birla Textile Mills

- The transaction for acquisition of Birla Textile Mills (BTM) has been concluded on September 30, 2015 on receiving statutory approvals and payment of Rs 213.54 crore i.e. Rs 232.63 crore less term loans of Rs 19.09 crore outstanding as on appointed date of April 01,2015.
- BTM, with a capacity of 83,376 spindles manufactures cotton, synthetic & blended yarn in Grey & Dyed form
- STIL's total spinning capacity has enhanced to 3,77,112 spindles post-acquisition

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

- Commenced work on the project – adding 35,280 spindles at its Bhawanimandi, Rajasthan facility at a project cost of Rs. 270 crore
- Project to be funded by mix of internal accruals and debt
- Financial closure achieved
- Dedicated capacity focused towards producing Value Added Cotton Mélange and Cotton Blended Dyed Yarn

Key Business Update

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Home Textiles Division Expansion on track

- Expanding operations in Home Textiles division at Damanganga Home Textiles, Gujarat
- Post completion, the capacity in its existing facility will increase to 9.6 million metres p.a. from present 5 million metres p.a with a total project cost of Rs 88.5 crore
- Project is to be completed in phases; with first phase of 16 looms installed and commissioned in July 2015
- Increased presence in Home Textile segment will result in further strengthening of Company's end to end operations – Yarn to Home Textile

Modernisation Update

- Invested around Rs. 34 crore during H1FY16, towards technology up-gradation and debottlenecking, etc. This will result in further improvement of efficiencies and plant utilization
- Intends to deploy further amount of ~Rs. 62 crore during the year towards the same
- Besides the Board has also approved Rs. 29 crore for project of balancing equipments, etc. in Birla Textile Mills

Key Business Update

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Credit Rating upgrade

- CARE upgrades STIL rating to **CARE AA-** from CARE A+ signifying high degree of safety and CARE A1+ (A One Plus) for short term bank facilities

- India Ratings and Research Private Limited (FITCH Group) upgrades STIL to "**IND AA-"; Outlook Stable** from IND A+ and IND A1+ (A one Plus) for short term bank facilities

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Q2 & H1 FY16 - Financial highlights

Profitability Highlights

Rs. In Cr	Q2 FY16 *	Q2 FY15	YoY %	H1 FY16*	H1 FY15	YoY %
Total income	**626**	**468**	***34.0%***	**1,185**	**972**	***22.0%***
Raw Material including increase/ decrease in stocks & goods purchased	374	277		697	588	
Employee Cost	59	44		115	85	
Other Expenses	114	79		215	161	
EBITDA	**79**	**68**	***16.2%***	**158**	**137**	***15.2%***
EBITDA margin (%)	**12.6%**	**14.6%**		**13.3%**	**14.1%**	
Depreciation	22	16		44	31	
Finance Cost	12	12		26	25	
Profit Before Tax	**45**	**40**	***12.3%***	**88**	**80**	***9.7%***
Tax	12	10		20	14	
Profit After Tax	**33**	**30**	***8.9%***	**68**	**66**	***2.9%***
Earnings Per Share (Rs)	**20.27**	**18.60**		**41.60**	**40.42**	

** Note: The financial results for Q2 FY16 and H1 FY16 are inclusive of financial results of recently acquired unit Birla Textile Mills*

Balance-sheet Highlights

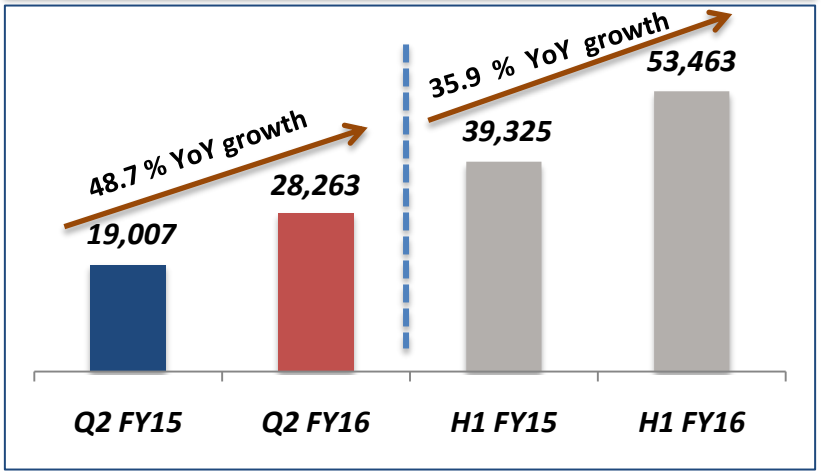
Rs. in Cr	Sep – 15*	Mar - 15
Shareholder's Fund	***626***	***558***
Share capital	16	16
Reserves & Surplus	610	542
Deferred Govt. Subsidies	***2***	***2***
Non-current liabilities	***478***	***394***
Long term borrowings	417	339
Other non-current liabilities	61	55
Current liabilities	***544***	***387***
Short term borrowings	285	182
Other current liabilities	259	205
Total Liabilities	**1,650**	**1,341**

Rs. in Cr	Sep – 15*	Mar - 15
Non-current assets	***919***	***778***
Fixed assets	816	687
Long-term loans and advances	53	41
Non Current Investments	50	50
Current assets	***731***	***563***
Inventories	384	321
Trade receivables	204	139
Cash and bank balances	7	3
Other current assets	136	100
Total Assets	**1,650**	**1,341**

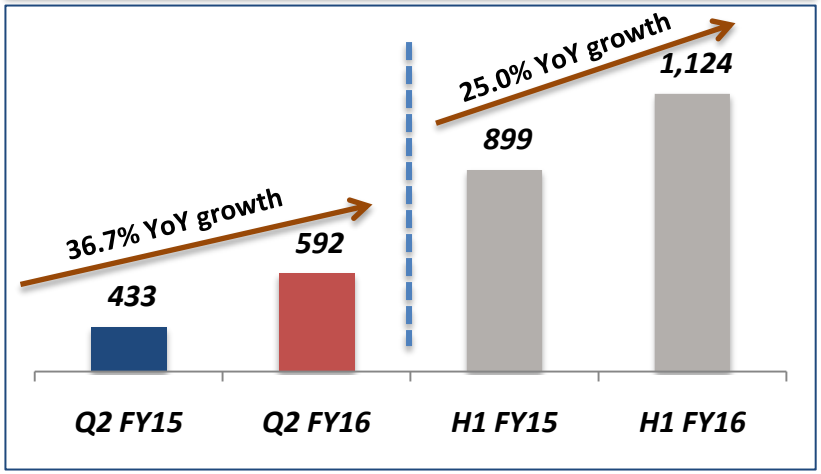
** Note: Assets & Liabilities as on 30th September, 2015 are inclusive of Assets & Liabilities of recently acquired unit Birla Textile Mills*

Yarn Business – Q2 & H1 FY16

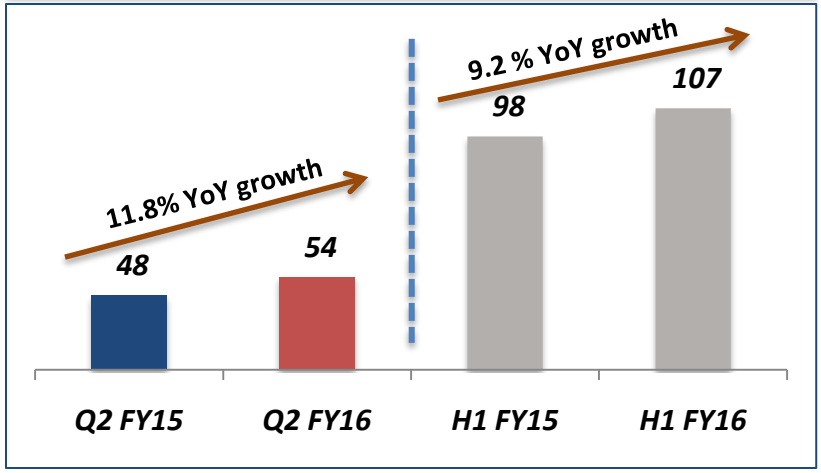
Sales (MT)



Revenue (Rs. Cr.)



EBIT (Rs. Cr.)



- **Revenue at Rs. 592 crore for Q2FY16 improved as against Rs. 433 crore for the corresponding quarter last year; and Rs. 1,124 crore for H1FY16 improved as against Rs. 899 crore for the corresponding period last year mainly on account of**
  - Creation of additional capacity for producing value added Cotton Mélange and Cotton Blended Dyed Yarn and
  - Acquisition of Birla Textile Mills

  This has enabled Company to sustain profitability

Chairman's Comments

Mr. C. S. Nopany, Chairman

The Second Quarter of the year continued to witness challenges being faced by the economy at large due to global slowdown and stressed rural economy. As the outlook for the year 2015-16 continues to be grim, our focus on the value added dyed yarn products and additional capacity created last year for producing Cotton Mélange, Cotton Blended Dyed Yarns and acquisition of Birla Textile Mills (BTM) enabled us to sustain profitability.

Despite challenging headwinds for the sector with margins under pressure, we continue to concentrate on enhancing scale of operation which will allow us to deliver a consistent performance. Work on creating new capacities in our Rajasthan Textile Mills for producing value added products and expansion of Home Textiles is progressing as per schedule. Once completed, these will enable us enhance our domestic as well as global foot-print.

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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 Mélange Yarn & Cotton Blended Dyed Yarn
- **State-of-the-art manufacturing facilities located at Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat**
  - 377,112 spindles capacity of Yarn
  - 5 Million Meters Per Annum capacity of Home Textiles
- **Global footprint with presence spans over 60 countries across Europe, North America, South-East Asia**
- **Longstanding relationship with marquee clients like Page Industries, Siyaram's, Donear, Shivalik Print, Digjam, Arrow, Grasim**
- **Strong Credit Ratings:**
  - CARE AA- from CARE and Ind AA- with Outlook Stable from India Rating, A Fitch Group Company for long term bank facilities
  - CARE A1+ from CARE and Ind A1+ from India Ratings, A Fitch Group Company for short term bank facilities

Journey from Spun-dyed yarn manufacturer to …

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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

2010-11

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

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 Yarn at Rajasthan

5 mmpa - commenced expansion of Home Textile facilities at Gujarat

… strengthen end to end operations – Yarns to Home Textile

Corporate Governance at the Helm

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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

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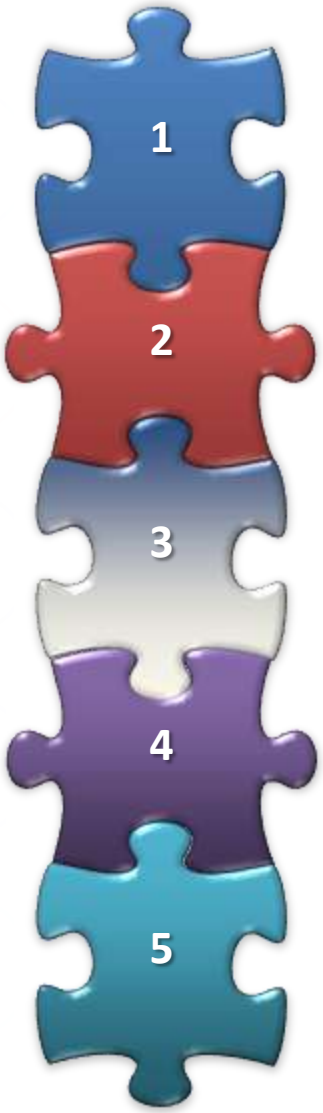
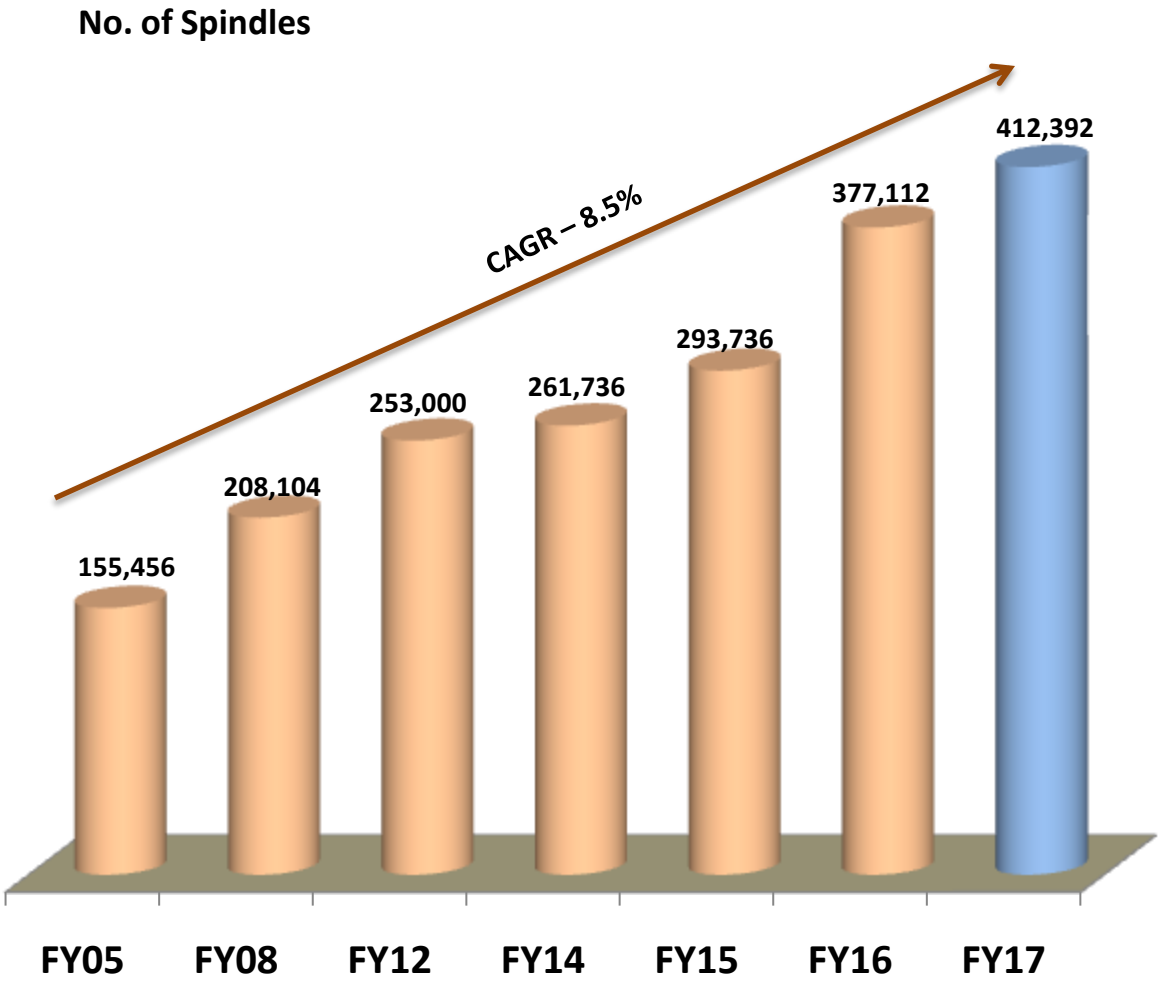
Competitive Advantages

Competitive Advantages

- Yarn – Consistent capacity addition over years
- Home Textile… doubling capacity by FY17
- State of the art manufacturing facilities
- Wide Distribution Network and Marquee Clientele
- Diverse and Wide Product Portfolio

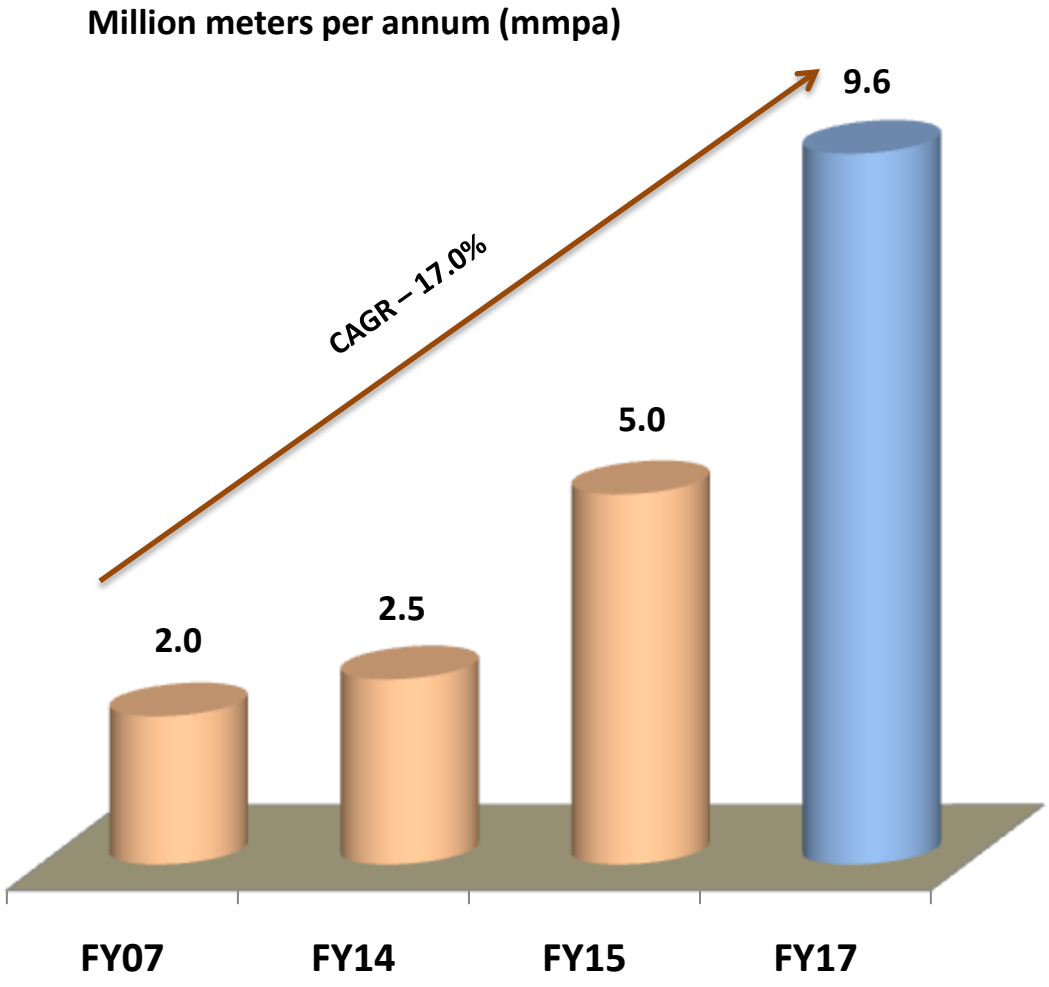


Yarn - Consistent capacity addition over the years



- **Invested in modernization - 56% of spindle age are less than a decade old**
- **Increasing share of Value-added product portfolio**
  - Cotton Mélange Yarn
  - Dyed Synthetic Yarn
- **Larger Scale of Production leading to better utilization of resources**

Home Textile… Doubling capacity by FY17



- **Entered the Home Textiles segment in 2006-07**
- **Capacity to expand by 4.6 mmpa to 9.6 mmpa by FY17**
- **Product range includes**
  - Furnishing Fabrics
  - Curtain Fabrics
  - Upholstery Fabrics
  - Bedcovers and Bedspreads
- **Current Capacity utilisation over 80%**
- **Contributes ~5% to the overall revenues to Company**

State-of-the-art Manufacturing facilities…

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	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
Capacity	**96,104** Spindles for Cotton Mélange Yarns; **107,200** Spindles for Man-made Fibre Yarns	**90,432** Spindles	**83,376** Spindles	**5 million metres** per annum

…. Strategically located near the marketing centers

Wide distribution network and marquee clientele

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Presence and strong brand image across globe in over 60 countries…

Expanded global foot print to 10 new location in FY15…
…De-risk over dependence on few geography

Evolved as vendor to…

Siyaram's FABRIC TO FASHION
DONEAR
SHIVALIK PRINTS LTD.
ADITYA BIRLA GRASIM
sears
Page Industries
DIGJAM It's who you are
ARROW USA·1851
JCP
asm industries·india·pvt.ltd.

…partner to a comprehensive textile solution provider

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

Cotton blended mélange yarn

… helps to navigate trend shifts

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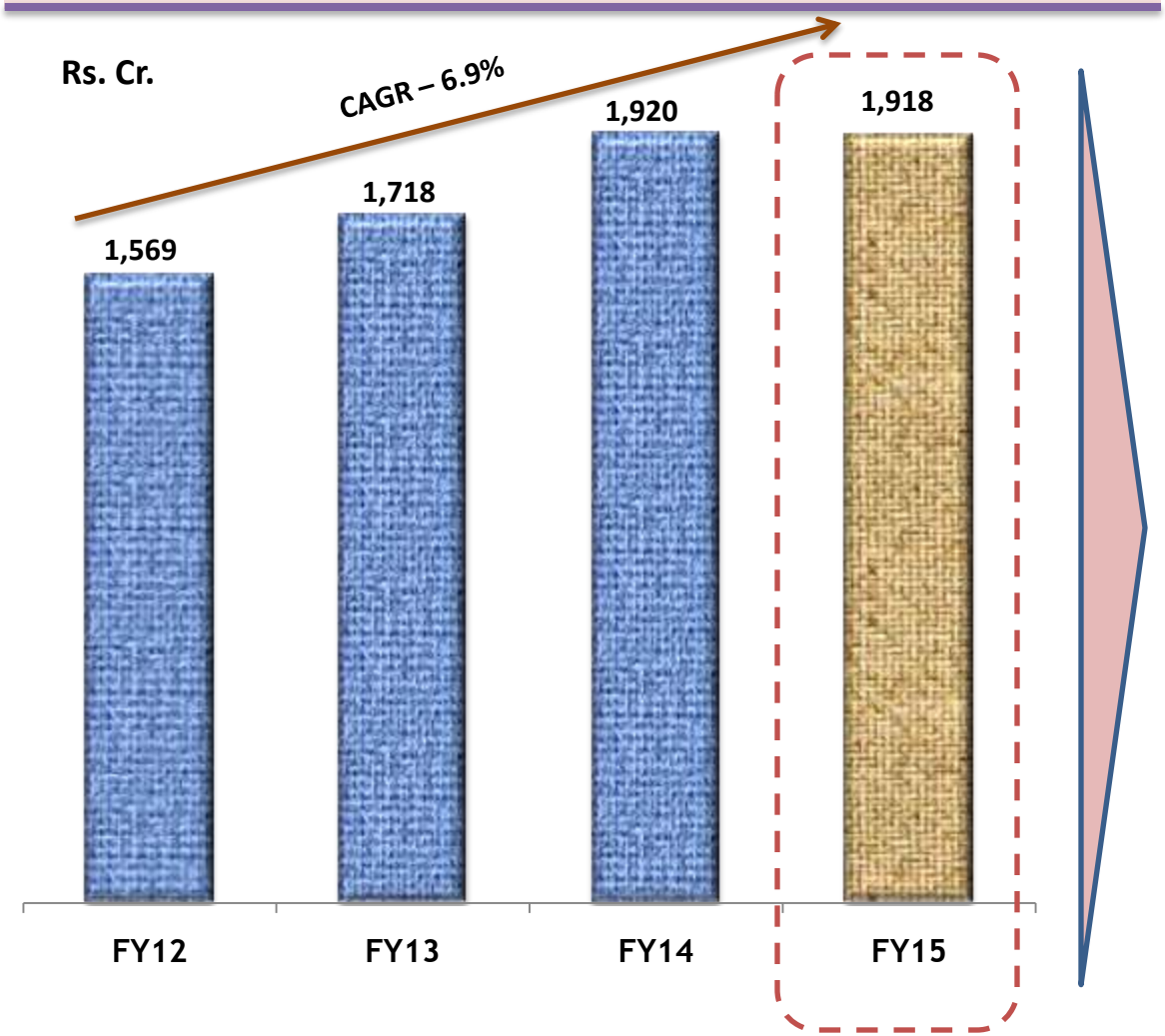
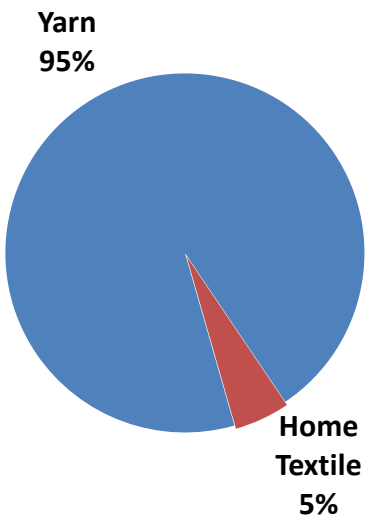
Annual Financial Highlights

Stable Revenue Growth…

Total Revenue…

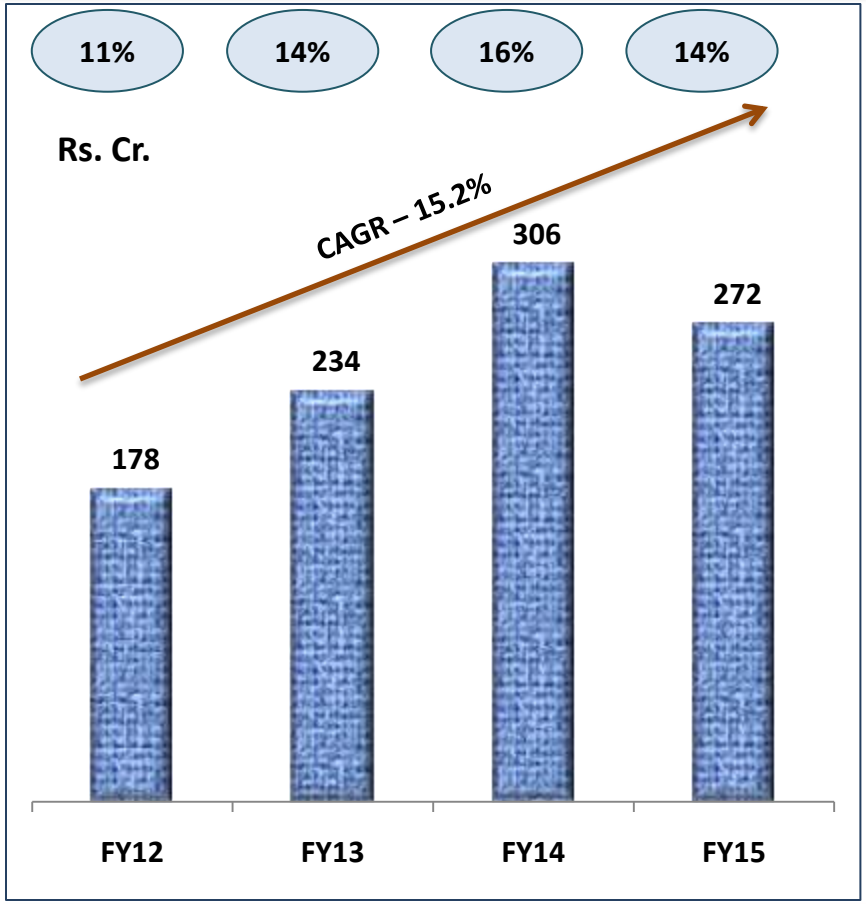


Segment break-up

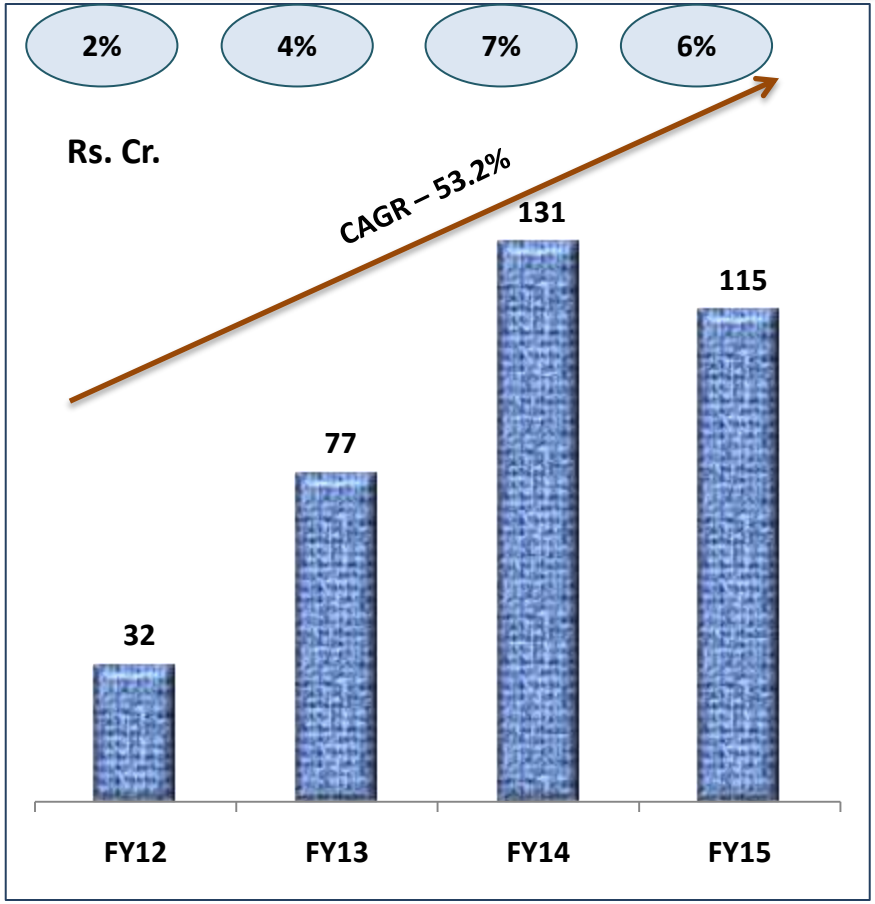


… with consistent track record of profitability…

EBITDA & EBITDA margin (%)



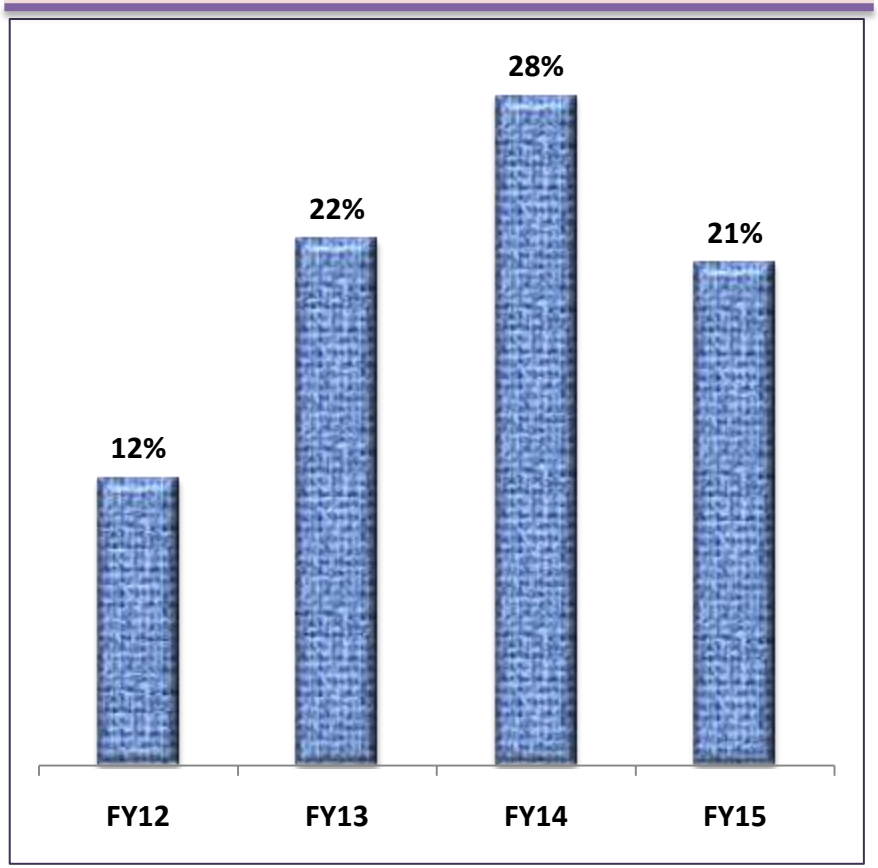
Net Profit & Net margin (%)



Increasing share of Value Added Products in Portfolio likely to help margin improvement

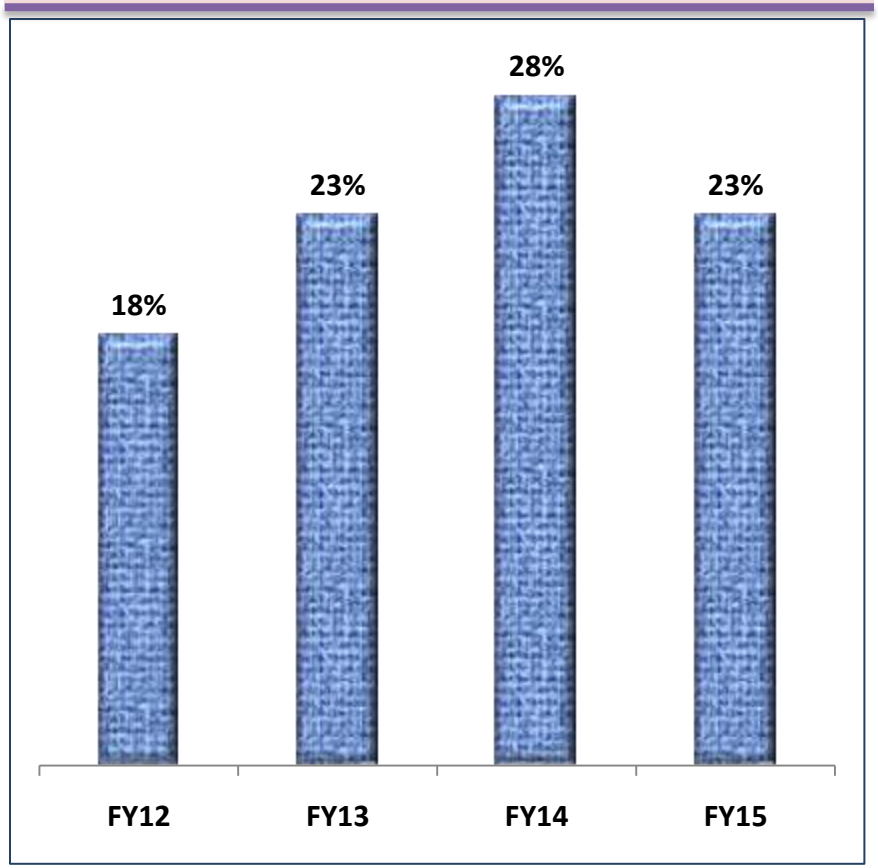
… healthier return ratios in the industry

Return on Equity (RoE)



RoE = Profit After Tax/Networth

Return on Capital Employed (RoCE)

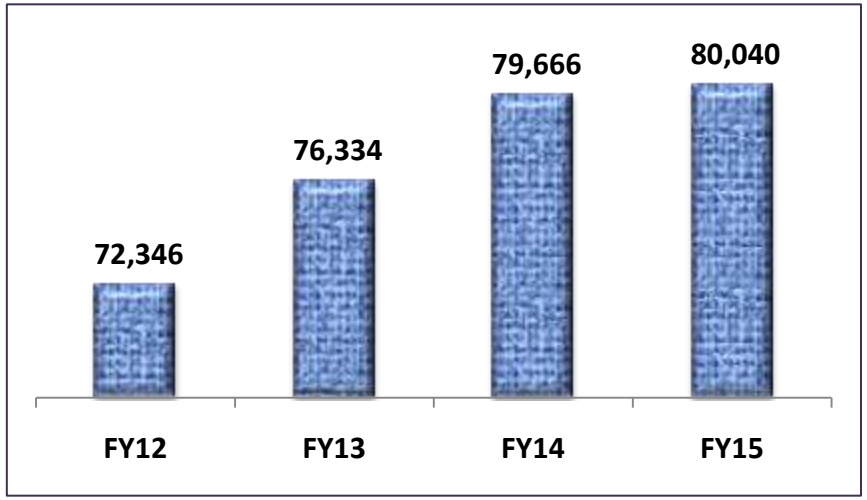


RoCE = EBITDA/Capital Employed (Networth + Debt)

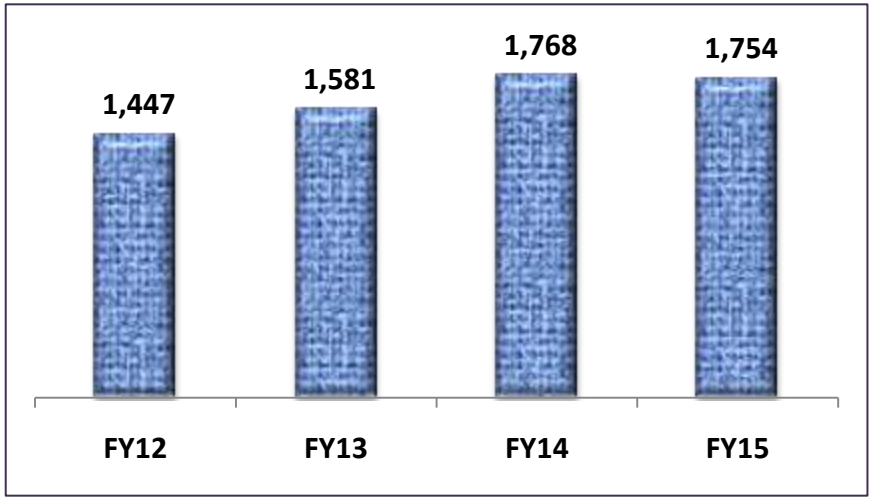
Consistently generating over 20% Return

Yarn – Operational Performance

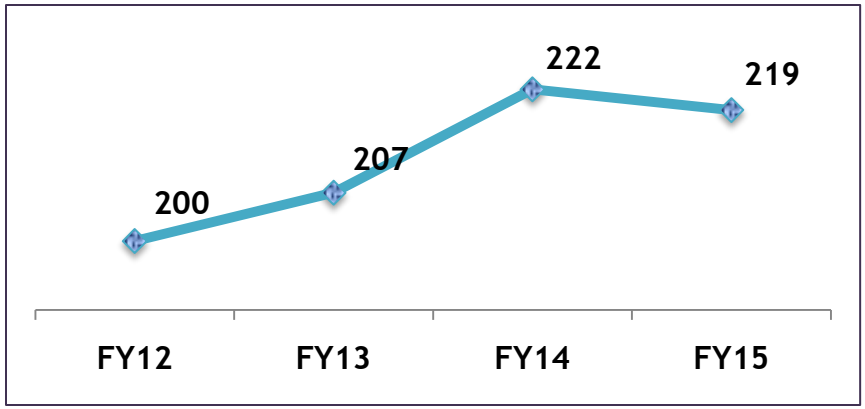
Sales (MT)



Revenue (Rs. Cr.)

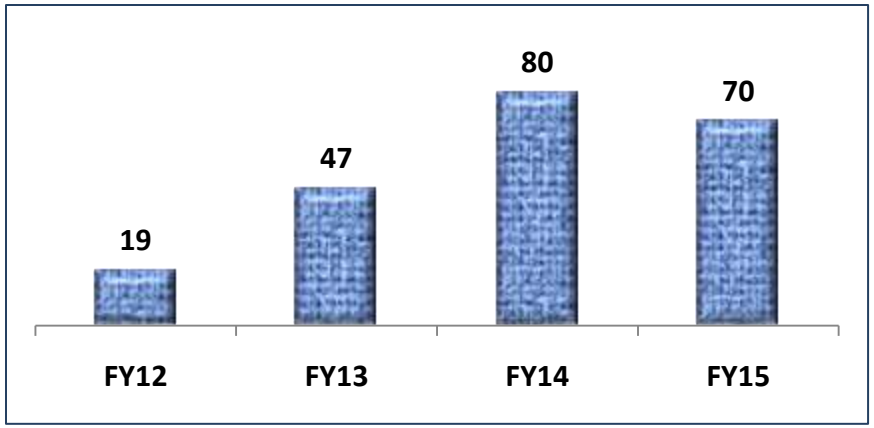


Average Sales Realisation (Rs./ Kg)



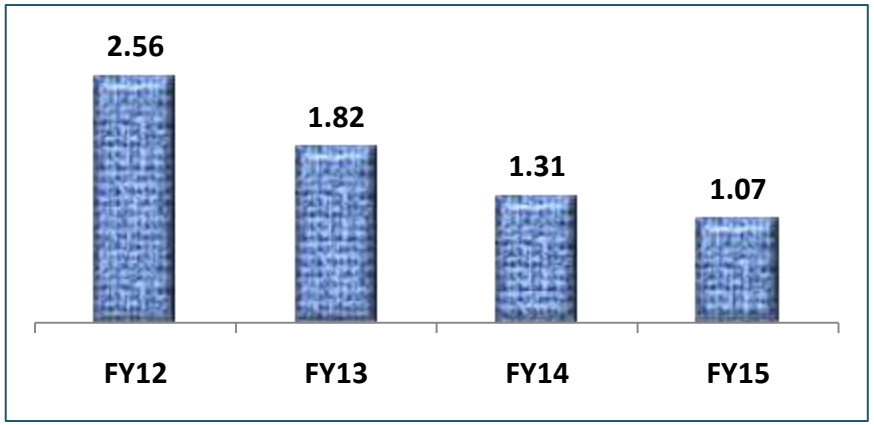
Key Ratios

EPS* (Rs)

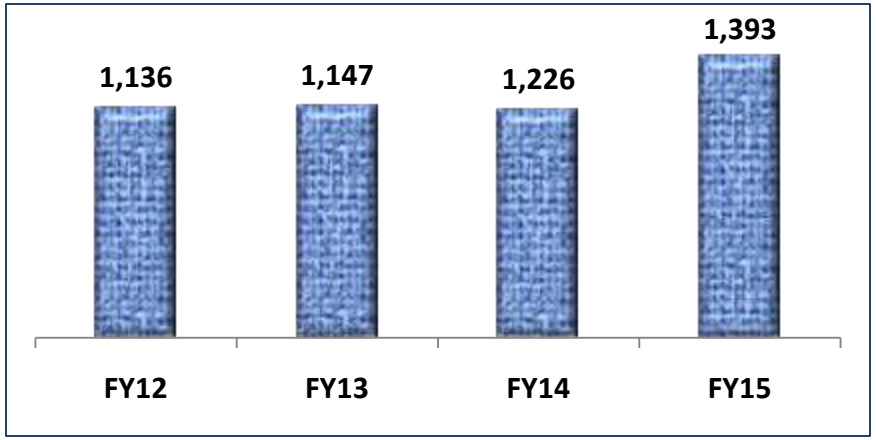


* Adjusted figures post incorporating bonus effects (Company allotted Bonus shares in the ratio of 1:2 during June 2013)

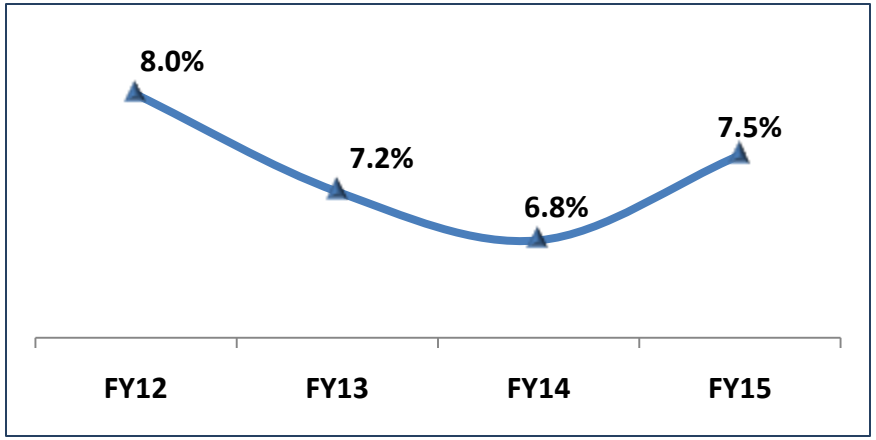
Total Debt/Equity Ratio (x)



Gross Block (Rs. Cr.)



Avg. Interest Rate of Term Loans (%)
(After TUF Subsidy)



Key Financial highlights

Particulars	Rs. Crs.			USD mn		
	FY13	FY14	FY15	FY13	FY14	FY15
Total Revenues	1,718	1,920	1,918	324	337	315
EBITDA	234	306	272	44	54	45
EBITDA Margin %	14%	16%	14%	14%	16%	14%
PAT	77	131	115	15	23	19
PAT Margin %	4%	7%	6%	4%	7%	6%
Total Assets	1,149	1,273	1,341	217	223	220
Net Worth	346	462	558	65	81	92
Long Term Debt	338	267	339	64	47	56
Total Debt	652	630	598	123	111	98
ROCE	23%	28%	23%	23%	28%	23%
ROE	22%	28%	21%	22%	28%	21%
Long Term Debt – Equity	1.0	0.6	0.6	1.0	0.6	0.6
EPS* - Basic & Diluted	47	80	70	0.9	1.4	1.1

**Adjusted figs post incorporating bonus effect (during June 2013, STIL allotted bonus shares in the ratio 1:2)*
USD calculations based on Avg rate: FY13: Rs. 53/ USD; FY14: Rs. 57/USD; FY15: Rs. 61/USD

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Business Outlook

Business Outlook

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01

Niche Value Added Products

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

02

Growing Core Business

Acquisition of BTM & enhancing spindles capacities towards manufacturing Cotton Mélange and Cotton Blended Dyed Yarn to offer synergies and economies of scale

03

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

04

Value Generators

Capacity ramp up of value added items, increased capacity under home textile business and lowering of leverage to drive margins and profitability

05

Growth Drivers

Changing lifestyle, rising disposable income, demand for quality products, recovery in developed economies; rising labor cost & instability in neighboring countries

Indian Textile Sector - Present

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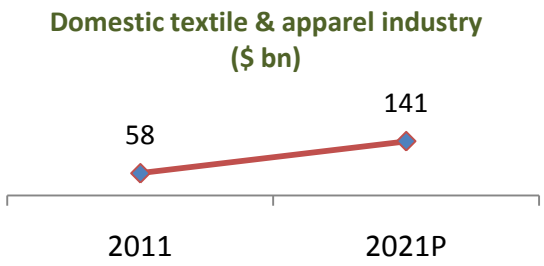
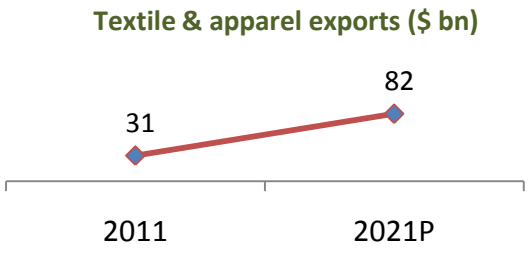
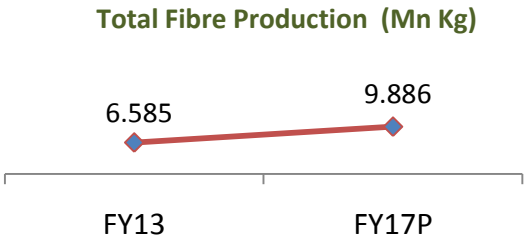
$108	Indian Textile sector current size
2nd	Largest employment generator, Employs 45 mn people
49	Million spindles capacity across ~1,300 mills
12%	Share of the country's total export in 2013-14
14%	Contribution to India's total industrial production
4%	Contribution to India's gross domestic product

Indian Textile Sector - Potential







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

Mkt Value (2013) : USD100 bn

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

Mkt Value (2020 E) : USD 220 bn

The sector is 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, an ISO 9001:2008 certified Company, is one of India's largest spun dyed yarn manufacturer. Under the leadership of Mr. C S Nopany, 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 namely – Dyed Yarn, Cotton Mélange yarn, Modal yarn, Tencil yarn, Bamboo yarn, Linen blended yarn etc. and build significant presence across the value chain. Over the years, the Company has also successfully carved out a niche for itself and emerged as a leading player in the dyed yarn segment. The total spinning capacity post the acquisition of BTM, has increased to 377,112 spindles.

STIL has a strong global clientele and exports to almost 61 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), The United Kingdom and Vietnam, 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. Sutlej has been conferred with "Three Star Export House" Certificate from Government of India.

For further information, please contact:

Company :	**Investor Relations Advisors :**
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sutlej
textiles and industries limited

THANK YOU