

STIL/

October 26, 2017

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

Re:- Results Presentation

Please find enclosed herewith a copy of the Results Presentation with respect to the Un-audited Financial Results for the quarter and half-year ended 30th September, 2017.

Thanking you,

Yours faithfully,
For SUTLEJ TEXTILES AND INDUSTRIES LIMITED


(MANOJ CONTRACTOR)
COMPANY SECRETARY AND COMPLIANCE OFFICER



K. K. Birla Group Company

Sutlej Textiles & Industries

proactive and prepared...

Investor Presentation

October 2017





Agenda

1. **Q2 & H1FY18 Performance**
2. **Sutlej at Glance**
3. **The 4 Pillars of Sutlej**
4. **Performance Ambition**
5. **Financial Highlights**

Q2 & H1FY18 Performance



Regional Office
Solaris building No.1, 'D' Wing, Solaris Complex
4th Floor, Opp. L. & T Gate No. 6
Powai, Andheri (E)
Tel: 022-26101000

Delivered sustainable growth in H1FY18 despite challenging business environment

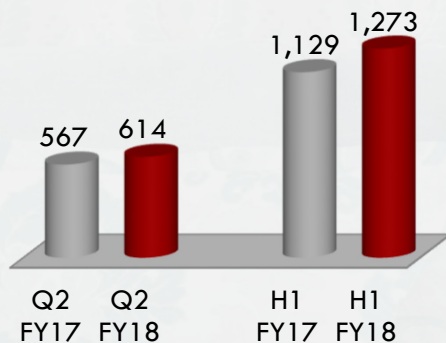
Key Challenges during H1FY18

- Lingering effect of demonetization
- Market disruption due to implementation of GST and uncertainty about GST rates
- Export remain under pressure due to stronger INR
- Increased raw material prices (cotton and Polyester prices increased by 9% (YoY) & Viscose increased by 5% (YoY))
- Expansion of RTM and DGHT - First year of commercial operations under stabilization
- Increased power cost due to increase in tariff rates by State DISCOM on average around ~10%
- Heavy increase in cross subsidy surcharge making open access prohibitive

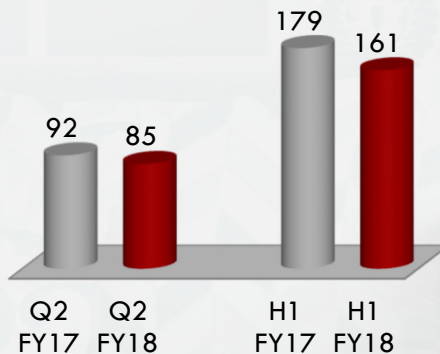


Q2 & H1FY18 Financial Highlights

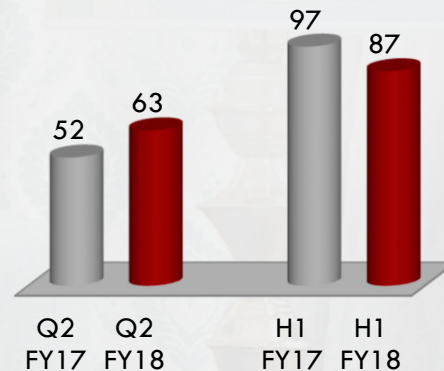
Total Income (Rs Cr)



EBITDA (Rs Cr)



PAT (Rs Cr)

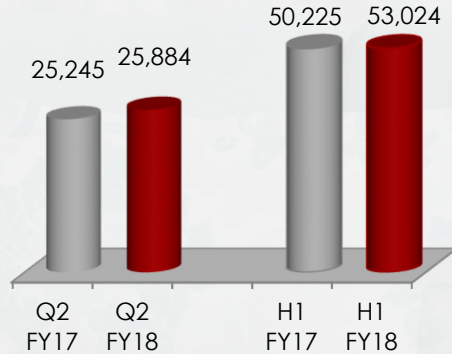


Key Performance Highlights – Q2 & H1FY18

H1FY18 on H1FY17 Revenue grown-up by 13%, the Yarn segment continues to give 95%+ of Revenue Share

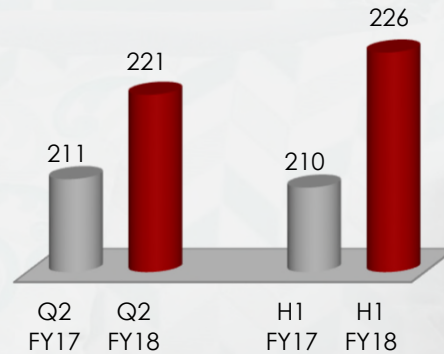
Sales Grown even in Challenging Business Environment

Yarn Sales (in MT) Up by 6% in H1FY18



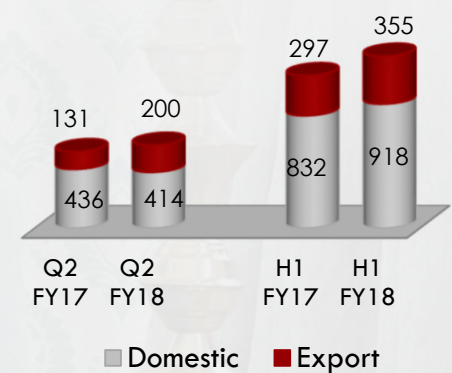
Focused strategy on Value Added Yarn

Average Yarn Realization (Rs/kg) Up by 8% in H1FY18



Focus on Export to continue Market Diversification

Export Revenue Up by 20% in H1FY18



Key Business Updates

Home Textiles Division – Acquisition of business in USA

- Company to Invest up to USD 5 Million in Wholly Owned Subsidiary in USA
- Acquisition of Design, Sales, and Distribution (DS&D) business along with brand of American Silk Mills LLC (ASM) based at Plains, Pennsylvania. The acquisition will increase foot-print in the US market and will add strength of ASM to our Home textile portfolio

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

- Commenced commercial production of 35,280 spindles at Bhawanimandi, Rajasthan facility at a project cost of Rs. 270 crores.
- Commercial production of 17 no. Circular Knitting Machines is expected in Q3FY18
- Project was funded by mix of internal accruals and term loans sanctioned under TUFS
- Dedicated capacity focused towards producing Value Added Cotton and Cotton blended dyed and Mélange Yarn

Brownfield project - Capacity Expansion of Specialty Synthetic yarn at Baddi, H.P.

- Brownfield capacity expansion plan of 28,800 spindles at Baddi, Himachal Pradesh facility
- Estimated Project Cost is Rs.225 crore and project is likely to have commercial production in FY20
- Incremental capacity would be dedicated towards manufacturing of 100% Polyester Industrial Yarn and other grey blended specialty synthetic yarn



Key Business Updates

Home Textiles Division expansion

- Expansion project completed and now total capacity is 9.6 Million meters p.a.
- Total project cost of Rs. 88.5 crore was funded by mix of internal accruals

Modernization Update

- Invested around Rs. 31 crore during H1 FY 18 towards technology up-gradation and debottlenecking, etc. This will result in further improvement in efficiency and sustaining plant utilization
- Intends to deploy further amount of Rs. 49 crore during FY18 towards technology up-gradation and debottlenecking etc

Credit rating update during the year

- CARE affirmed STIL rating to **CARE AA (Double A)** for Long Term Bank Facilities (Term Loan) 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



Profitability Highlights

Rs. in Cr	Q2FY18	Q2 FY17	Q1FY18	H1FY18	H1FY17
Income	614	567	659	1,273	1,129
Raw Material Cost	325	304	380	706	611
Employee Cost	77	66	72	149	129
Other Expenses	127	105	130	257	210
EBITDA	85	92	76	161	179
EBITDA Margin (%)	13.81%	16.23%	11.58%	12.66%	15.85%
Depreciation	26	20	26	52	42
Finance Cost	16	10	16	31	23
Profit Before Tax	43	62	34	78	114
Exceptional Items	42	-	-	42	-
Tax	22	10	11	33	17
Net Profit After Tax	63	52	24	87	97
Net Profit Margin (%)	10.33%	9.17%	3.58%	6.84%	8.59%
Earning Per Share (Rs.) \$\$	3.87	3.17	1.44	5.31	5.92

\$\$ Equity shares of face value of Rs.10 is sub-divided into face value of Rs.1 each and EPS is regrouped accordingly

Balance Sheet Highlights

Rs. in Cr	Sep – 17	Mar – 17
Non-current assets	1,200	1,177
Fixed assets	1,133	1,140
Investments	51	28
Other Non Current assets	16	9
Current assets	938	868
Inventories	459	529
Trade receivables	308	242
Cash and bank balances	5	3
Other current assets#	166	94
Total Assets	2,138	2,045

Rs. in Cr	Sep – 17	Mar – 17
Shareholder's Fund	878	816
Share capital	16	16
Reserves & Surplus	862	800
Deferred Govt. Subsidies	9	9
Non-current liabilities	503	529
Long term borrowings	474	513
Other non-current liabilities	29	16
Current liabilities	748	691
Short term borrowings	434	429
Other current liabilities#	314	262
Total Liabilities	2,138	2,045



Executive Chairman's comments on H1FY18 performance



Executive Chairman - Mr. C. S. Nopany

Commenting on the results, Mr. C.S. Nopany, Executive Chairman, Sutlej Textiles and Industries Limited said:

"The challenging domestic business environment continued in Q2FY18 due to lingering effect of demonetization and disruptions caused by implementation of GST. The unorganized sector which constitutes a large portion of the market was especially adversely affected with activity coming to virtually a standstill. The decision by the GST council to reduce the rate of duty on man-made yarn is certainly a positive which should improve the negative sentiment. Furthermore, a strong rupee and increasing input costs continued to put pressure on margins as product prices remained subdued. I am hopeful that confidence will be soon restored in the marketplace and will result in demand coming back.

I am happy that Sutlej has successfully completed its acquisition of design, sales and distribution business along with the brand of American Silk Mills which will add strength to our Home Textiles portfolio."





Sutlej at glance



Set our sights on emerging as a front-runner in the realm of global textiles by providing end to-end solutions – from yarns to home textiles

Aim to create maximum value for our customers so as to emerge as their partners-of-choice



Believe in challenging our limits and overcoming them

Also believe that as time changes, one must evolve one's thinking

Sutlej - Marching towards growth

India's largest Spun-dyed Yarn manufacturer

Presence across value chain – from Yarn to Home Textile

4,16,616 spindles capacity of Yarn

9.6 Million Meters Per Annum capacity of **Home Textiles**

Global Presence over 65 countries across Europe, North America, South-East Asia

Marquee Clients like Page Industries, Siyaram's, Donear, Shivalik Print, Arrow, Grasim, etc



Driven by Experienced Team

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

Mr. Rohit Dhoot

Independent

Non Exec Director

Key Executives

Mr. S.K. Khandelia

President & CEO

Mr. Bipeen Valame

WTD and CFO

Mr. Manoj Contractor

CS & Compliance
Officer



Business Verticals



95% Revenue share

Yarn Segment

- **India's Largest** Spun-dyed & Cotton Melange Yarn manufacturer
- **4,16,616** spindles capacity
- **Cotton Melange Yarn** Capacity 1,44,290 spindles
- Marquee clients - **B2B business**
- Optimum capacity utilisation of **~95%**
- Average counts of yarn **26.98**
- **Foray into Industrial Yarn** by adding capacity 28,800 spindles at Baddi unit



5% Revenue share

Home Textile Segment

- Focus on **Curtains & Upholstery**
- Capacity - **9.6 million metres**
- **Leading** producer & exporter of Home Decor
- Exports account of **28%**
- **Latest technology** in design & manufacturing

Best in class facilities

Location: Bhawanimandi, Rajasthan
Capacity:

- 35,280 Spindles (Cotton Mélange)
- 91,584 Spindles (Man –made Fibre)

Location: Kathua, J&K
Capacity:

- 109,010 Spindles (Cotton Mélange)
- 97,366 Spindles (Man-made Fibre)

Location: Daheli, Gujarat
Capacity:

- 9.6 million metres p.a.

Location: Baddi, Himachal Pradesh
Capacity:

- 83,376 Spindles (Man-made Fibre)



■ Yarn Business
 ■ Home textile Business



Marquee Clients over the Globe

MARKS &
SPENCER

JCPenney

FABRIC TO FASHION
Siyaram's



sears



pantaløons

COOLMAX



Page Industries

ARVIND

Raymond



The 4 Pillars of Suttlej

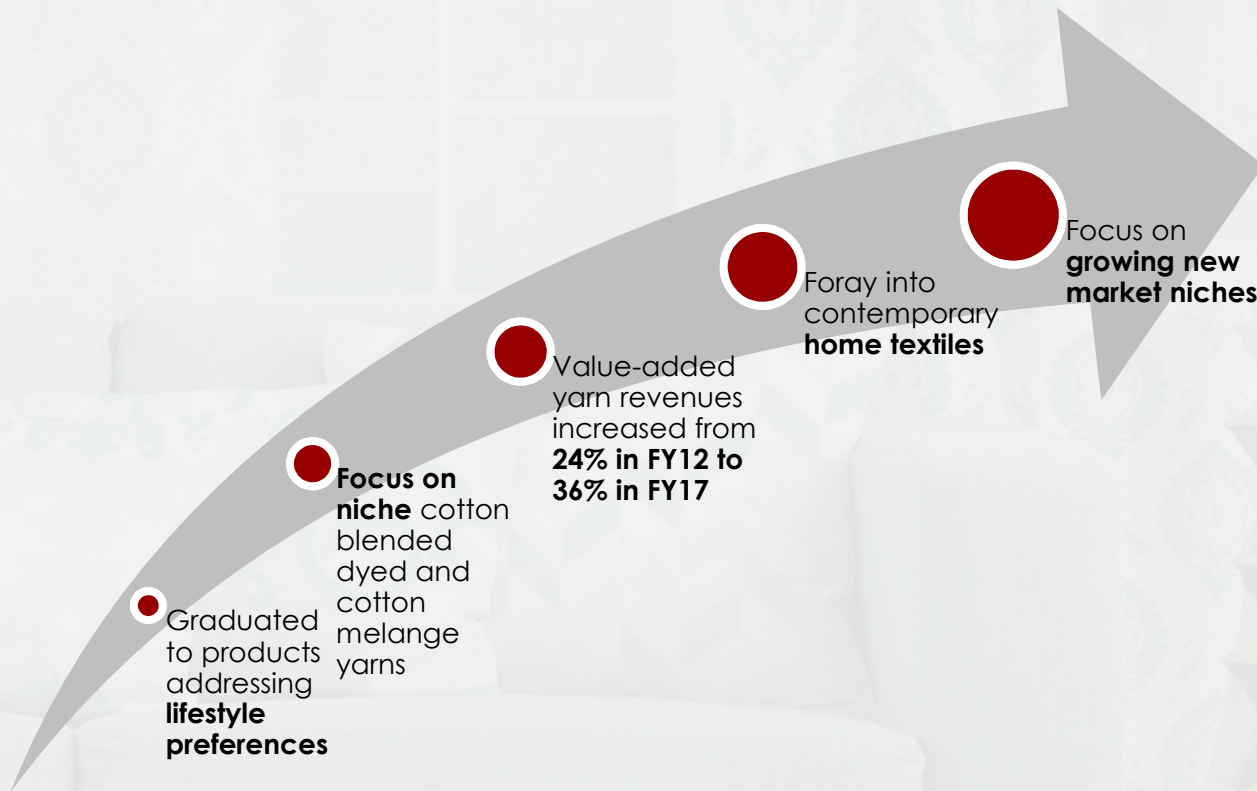
Segment Precision

Geographic Footprint

Balance Sheet Integrity

Continuous Reinvestment

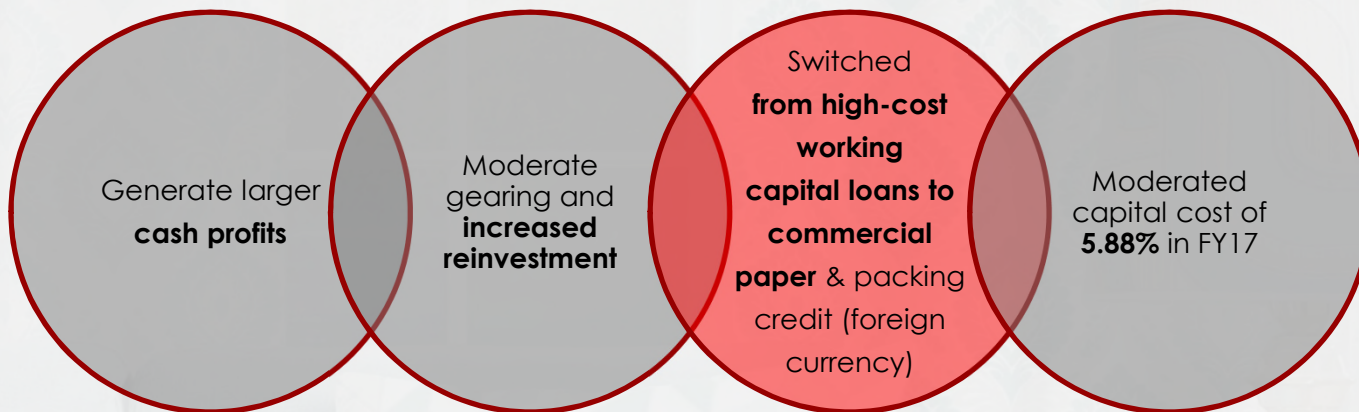
Segment Precision & Consistent Expansion



Expanding Geographic footprint



Balance Sheet Robustness



	FY12	FY14	FY17	H1 FY18
Total Debt to Equity (x)	2.58	1.36	1.27	1.15
Average borrowing Cost (%)	8.18	8.55	5.88	5.49
Interest cover (x)	2.56	5.26	6.99	5.17
Credit Rating (CARE Ratings)	BBB	BBB	AA	AA



Continuous re-investment



	FY12	FY14	FY17	H1 FY18
Total Spindles	2,53,000	2,61,736	4,16,616	4,16,616
Propionate of Spindles less than 5 years old (%)	40	15	39	39
Home Textile Capacity (MMT)	2.5	2.5	9.6	9.6





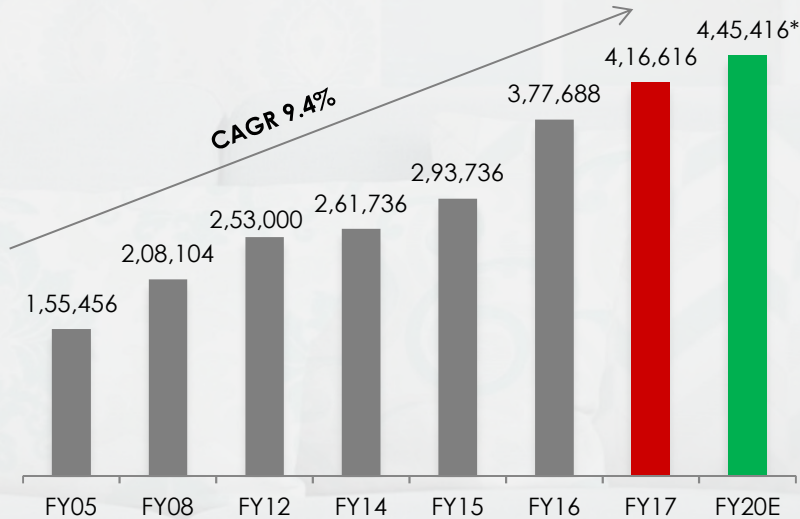
Performance Ambition

Performance Ambition



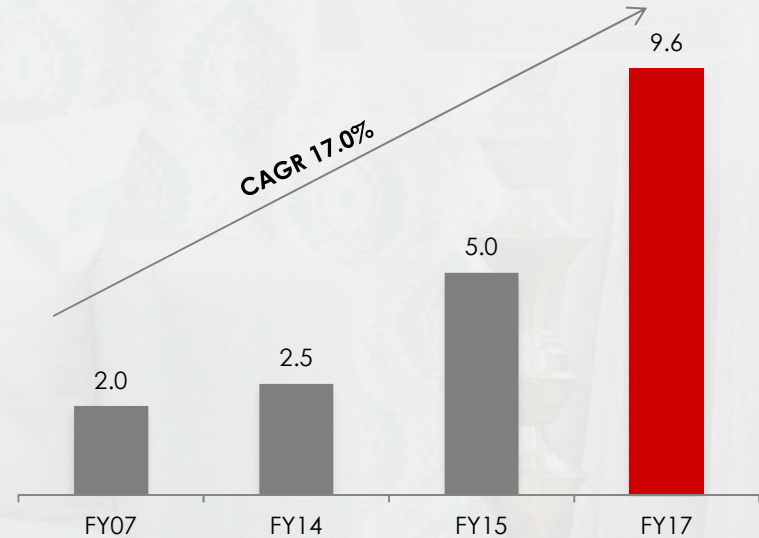
Sustainable & conscious capacity expansion...

Yarn Spindles Capacity



*addition of 28,800 spindles of speciality synthetic yarn

Home Textile Capacity



...led to leadership in niche segment

Dyed Yarn

- Leading producer of spun-dyed yarn
- Sutlej's Dyed yarn spindle Capacity 272,326

Melange Yarn

Largest producer of **Melange Yarn** in India
Sutlej's Melange yarn spindle capacity 144,290



Healthy business model...

Efficient Inventory management

Large & Major orders on **contract basis**

Safe Customers

Marquee clients - **B2B business**

Optimum level of raw material(Cotton)

Cotton Inventory of **~60 days**

Geographically Diversified Revenues

Domestic - **72 %**
Export - **28 %**

Catalogue sales in Home textile

Avoids **hoarding** of Finished Goods
Helps in efficient **Working Capital** Management



...Helps to enter new growth opportunities

Foray into Industrial Yarns

Number of Spindles to be added – 28,800

To be Operational by – FY 2020

CAPEX to be Incurred - Rs.225.00 Crore



Diverse applications

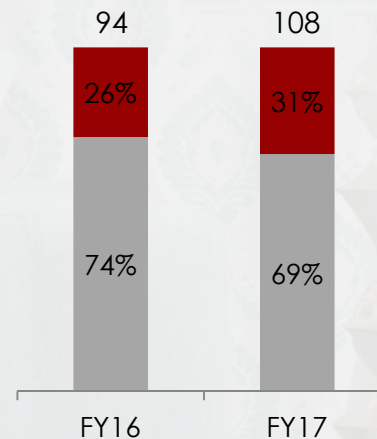


...Augmenting Home Textile segment



Home Textile Revenue Break up

■ Domestic (%) ■ Exports (%)



Industry Overview

Indian Textile Industry Overview

\$137 bn Indian Textile sector current size

2nd Largest employment generator, Employs 45 mn people directly

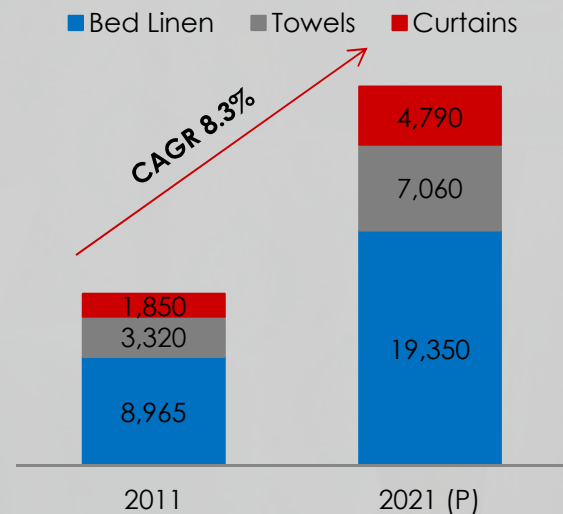
50 Million spindles along with 842,000 Rotors capacity ~3,400 mills

15% Share in country's export earnings

14% Contribution to India's manufacturing production

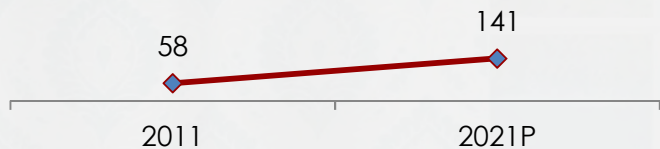
4% Contribution to India's gross domestic product

Indian Home Textile Industry (USD billion)

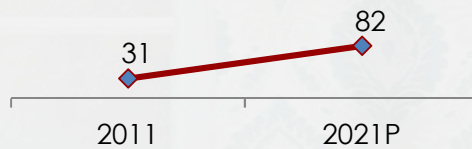


Industry outlook

Domestic textile & apparel industry (\$ bn)



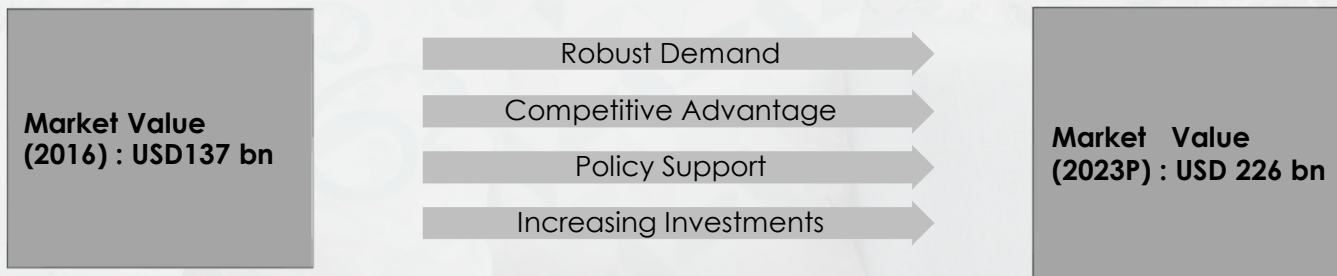
Textile & apparel exports (\$ bn)



Total Fibre Production (Mn Kg)



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



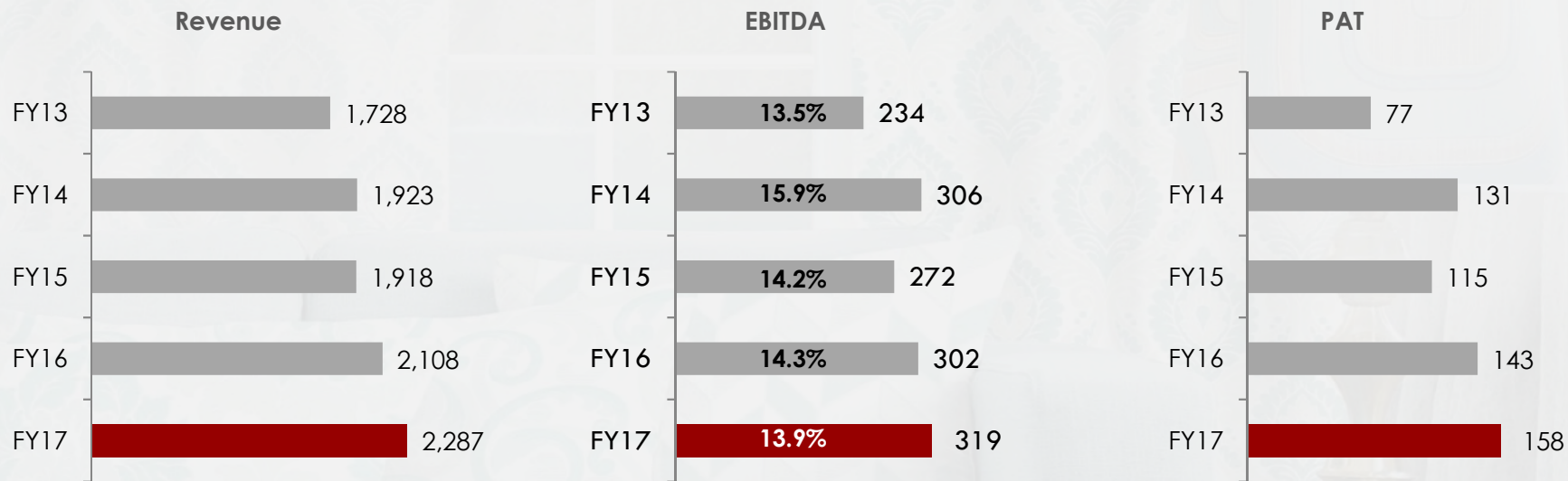
Source: IBEF





Financial Highlights

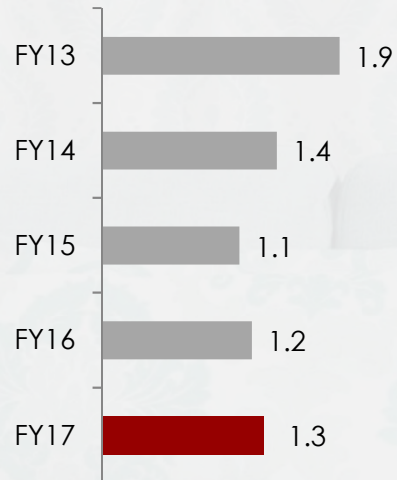
Enhancing value across the years



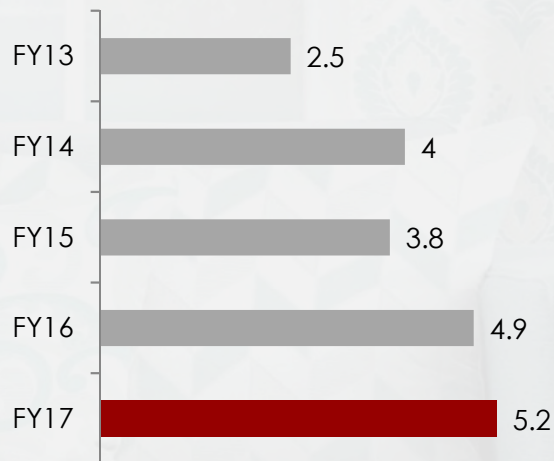
Maintained EBITDA margins even in challenging market conditions

Maintained low leverage despite continuous expansion

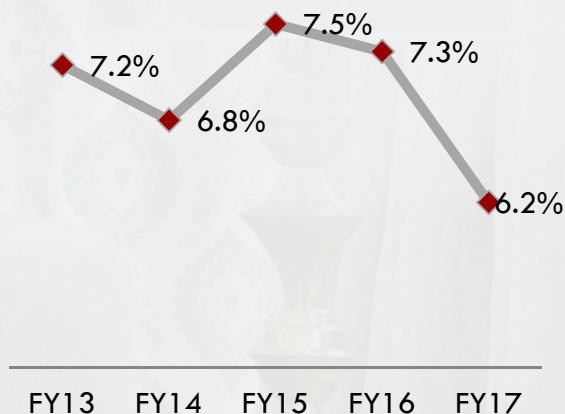
Comfortable Total Debt / Equity Ratio



Robust Interest Coverage

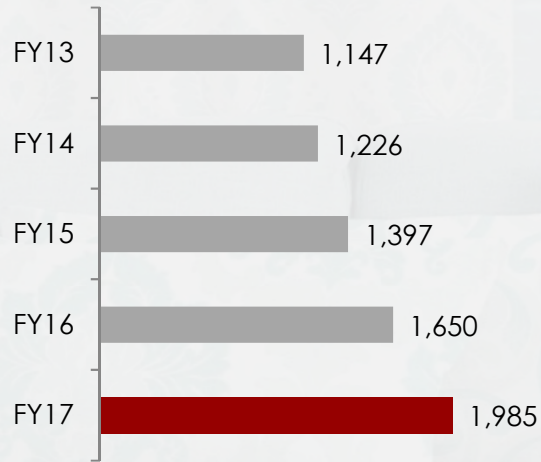


Average Interest Rate of Term Loans (After TUF)

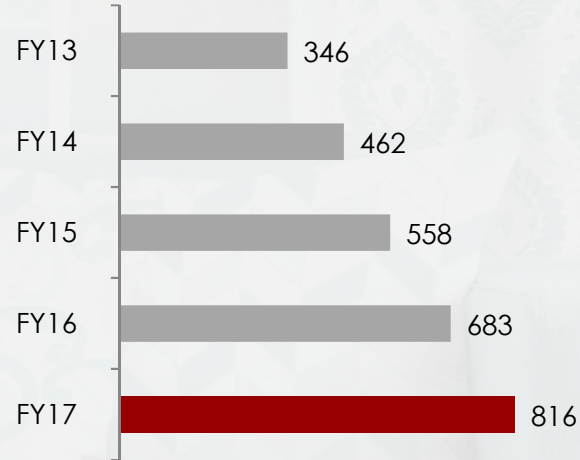


Continuous re-investment helps in better earnings growth

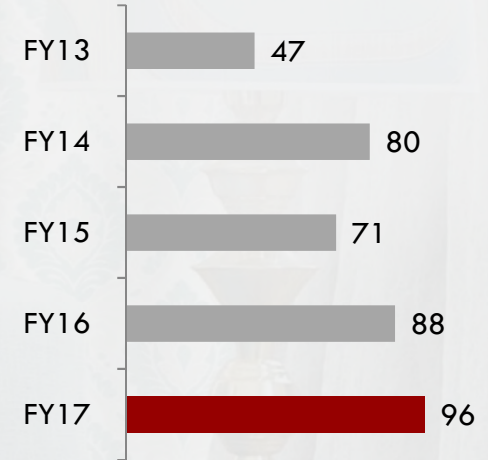
Gross Block (Rs Cr)



Networth (Rs Cr)

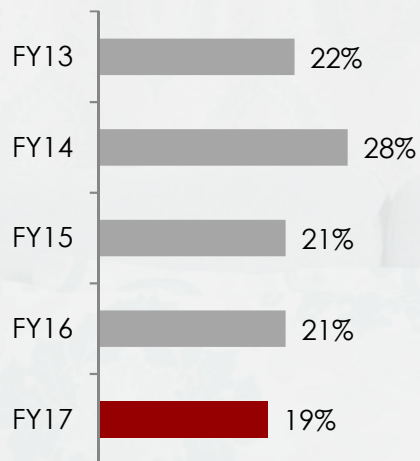


Earning Per Share (Rs)

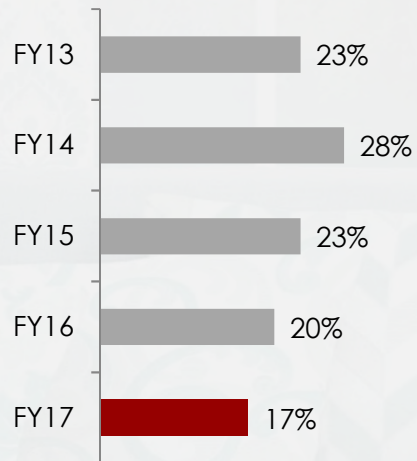


Enhancing value for Stakeholders

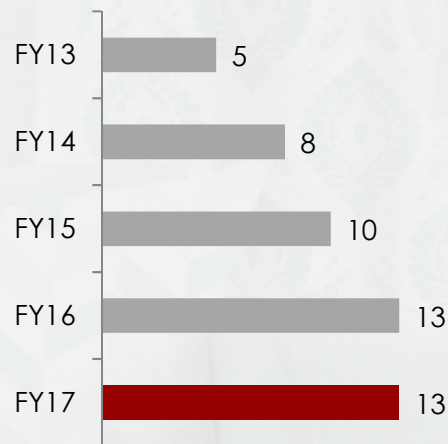
Return on Equity



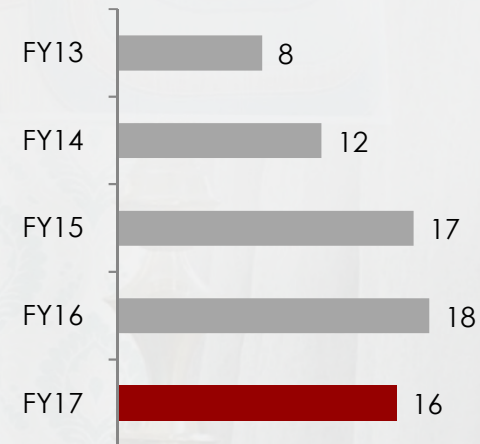
Return on Capital Employed



Dividend Per Share (Rs)



Dividend Payout (%)



RoE = Profit After Tax / Networth

RoCE = EBITDA / Capital Employed (Networth + Debt)



Sutlej's CSR Activities



Sutlej spent Rs. 6.32 cr on societal activities during FY17



Fountain at Birla Chowk,
Jharmajri, Baddi (H.P.)

Fountain at Birla Chowk, Jharmajri, Baddi (H.P.)

Health

We regularly organise free medical camps at nearby villages of our plant locations. We also extend financial aid to local NGOs to promote Swachh Bharat Abhiyaan (Basic Hygiene & Health)

Education

We provide scholarships and cash awards to girl students to promote their education, in addition to distributing books and bags to deserving under-privileged students

Environmental

As part of our support for environmental causes, we have undertaken widespread tree plantation in our plant premises improving the green cover. We also funded the a forestation efforts in Kathua town, by adopting certain stretches of roads for implementation

Relief

We provide financial support to relief operations initiated by the offices of the Prime Minister and Chief Ministers during times of distress and natural calamities



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Let's Connect

