

07<sup>th</sup> August, 2019

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. <b>Scrip Code: 532782</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G-Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051. <b>Scrip Code : SUTLEJTEX</b>
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**Re:- Results Presentation**

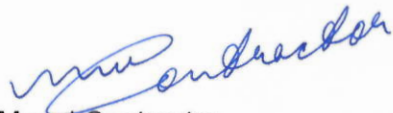
Dear Sirs,

Please find enclosed herewith a copy of the presentation with respect to the Un-audited Financial Results (Standalone and Consolidated) of the Company for the quarter ended 30<sup>th</sup> June, 2019.

Thanking you

Yours faithfully

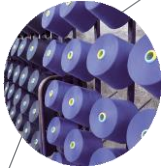
For **Sutlej Textiles and Industries Limited**



Manoj Contractor  
Company Secretary and Compliance Officer



Encl: a/a



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# Sutlej Textiles and Industries Limited

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Investor Presentation | Q1 FY20 August 2019

**COUNTERING** THE VUCA WORLD

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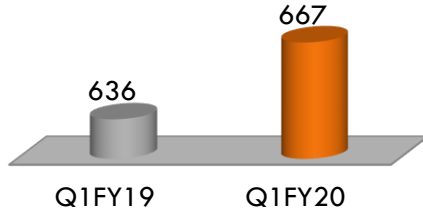


# Q1FY20 Results Highlights

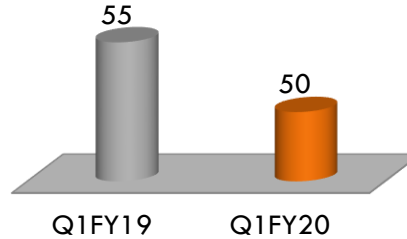
*Consolidation continues...*

# Results Highlights (Consolidated) – Q1 FY20

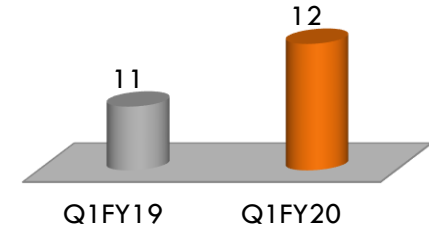
**Total Income (Rs Cr)**



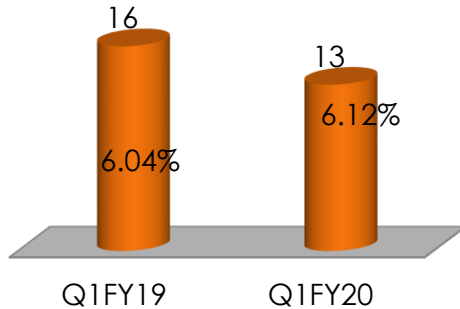
**EBITDA (Rs Cr)**



**PBT (Rs Cr)**



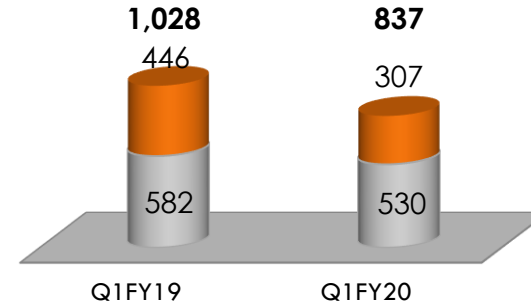
**Finance Cost (Rs Cr) & Avg Borr Cost %\***



■ Finance Cost   ■ Avg Borrowing cost

**Total Debt (Rs Cr)\***

(Total Debt has reduced by Rs. 191 crore)



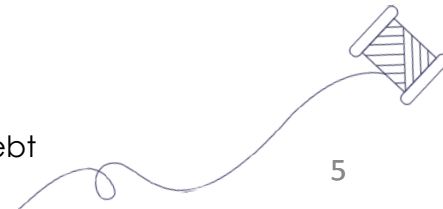
■ Long Term   ■ Short Term

\*On Standalone basis

# Profitability Highlights

Rs. in Cr	Standalone			Consolidated		
	Q1FY20	Q1FY19	YoY Chg %	Q1FY20	Q1FY19	YoY Chg %
<b>Total Income</b>	<b>656</b>	<b>621</b>	<b>6%</b>	<b>667</b>	<b>636</b>	<b>5%</b>
Raw Material Cost	389	354	10%	397	364	9%
Employee Cost	85	79	8%	87	81	7%
Other Expenses	131	133	-2%	132	135	-2%
<b>EBITDA</b>	<b>51</b>	<b>55</b>	<b>-8%</b>	<b>50</b>	<b>55</b>	<b>-9%</b>
<b>EBITDA Margin (%)</b>	<b>7.75%</b>	<b>8.91%</b>	<b>-116bps</b>	<b>7.50%</b>	<b>8.61%</b>	<b>-111bps</b>
Depreciation	25	27	-8%	25	27	-7%
Finance Cost	13	16	-20%	13	16	-20%
<b>Profit Before Tax</b>	<b>13</b>	<b>12</b>	<b>8%</b>	<b>12</b>	<b>11</b>	<b>4%</b>
Tax	5	3	31%	4	4	26%
<b>Net Profit After Tax</b>	<b>8.56</b>	<b>8.63</b>	<b>-1%</b>	<b>7</b>	<b>8</b>	<b>-6%</b>
<b>Net Profit Margin (%)</b>	<b>1.31%</b>	<b>1.39%</b>	<b>-8bps</b>	<b>1.11%</b>	<b>1.24%</b>	<b>-13 bps</b>

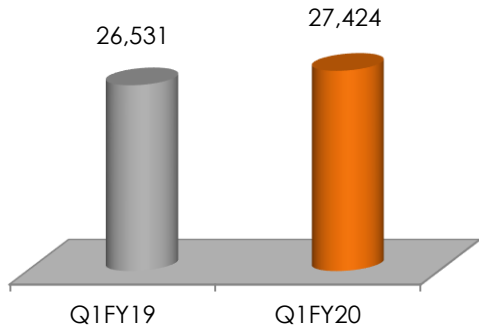
- Growth in sales led by 10% increase in domestic market
- Export realisation up by 7%
- EBITDA margins impacted due to increase in raw material prices and subdued demand
- Finance cost reduced due to efficient working capital management and reduction in debt



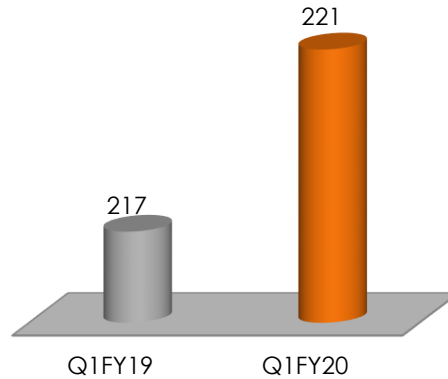
# Key Performance Highlights – Q1 FY20

Revenue growth for the quarter was 5%, Yarn continues to contribute over 94% of the revenues

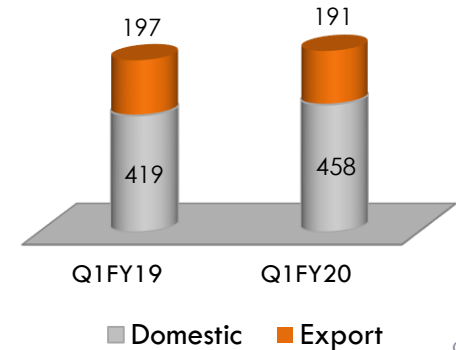
**Yarn Sales (in MT) Up by 3% in Q1FY20**



**Average Yarn Realization (Rs/kg) Up by 2% in Q1FY20**



**Yarn Export Revenue down by 3% in Q1FY20**



# Executive Chairman's comments



Executive Chairman - Mr. C. S. Nopany

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

*"The expected resurgence of demand once the upheaval of demonetisation and GST settled, is yet to materialize. Weakness in domestic as well as in international demand due to slowing Indian and global economy has resulted in muted performance with operating margins under pressure due to lack of pricing power. Sutlej had been focusing on improving efficiencies and controlling costs to mitigate the current turmoil and are fully geared on back of our varied and robust product portfolio to capitalize on any opportunity which unfolds once the situation normalizes"*







# Sutlej

*Creation of a Strong Foundation over the years*



# Sutlej Textiles - Overview

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## Largest

India's largest spun dyed Yarn Manufacturer  
One of the leading manufacturer of Melange Yarn

## Patronage of Renowned K.K.Birla group

Part of a reputed group with excellent corporate governance

## Niche Presence

Zero grey yarn manufacturing, presence in all value added yarns  
Presence in curtains and upholstery in Home Textile segment

## Exports to + 65 countries

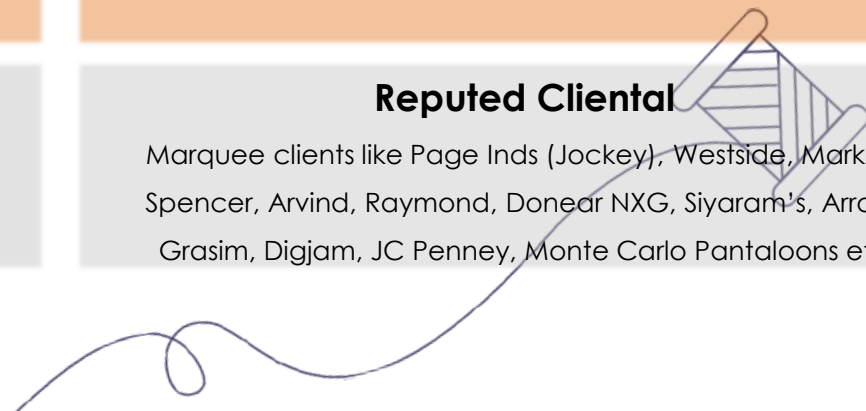
Exports across Europe, North America, South-East Asia, USA, etc

## Substantial Capacities

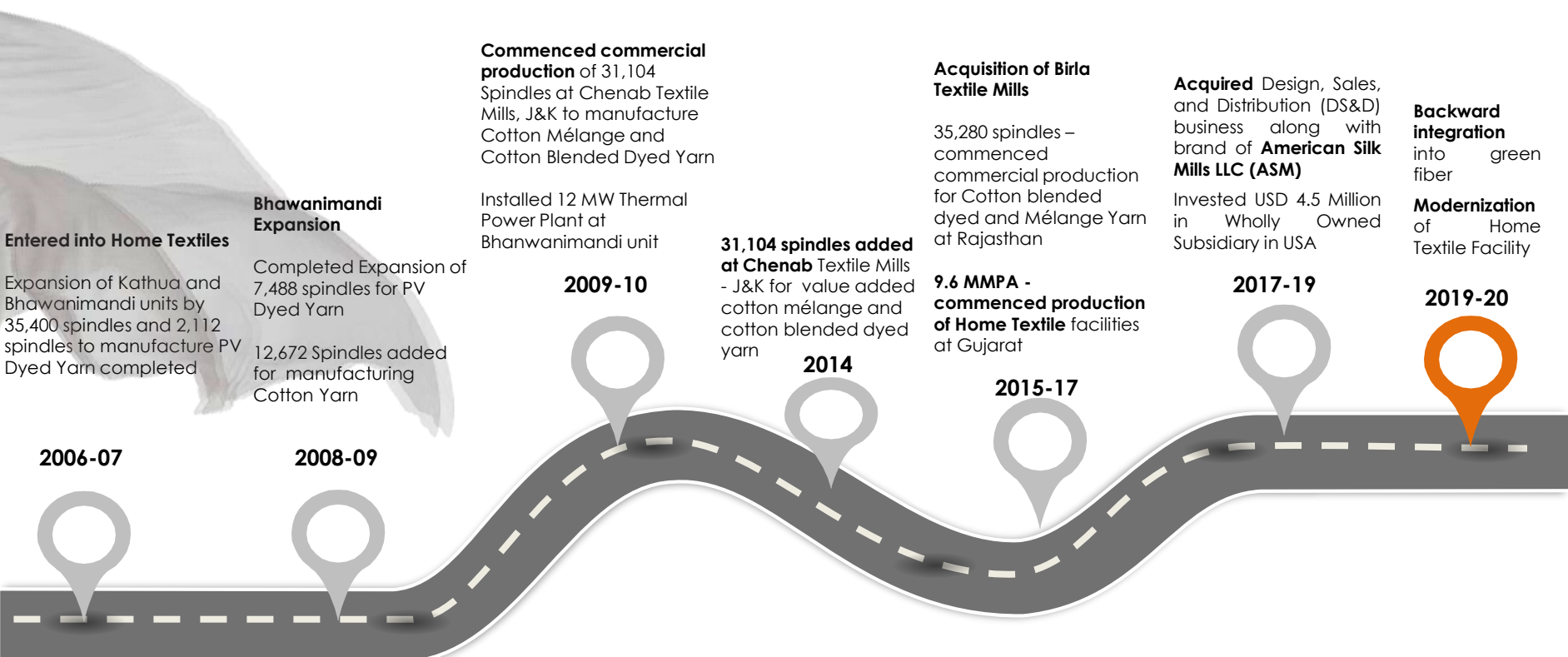
4,20,840 spindles capacity of Yarn  
9.6 Million Meters Per Annum capacity of Home Textiles

## Reputed Cliental

Marquee clients like Page Inds (Jockey), Westside, Marks & Spencer, Arvind, Raymond, Donear NXG, Siyaram's, Arrow, Grasim, Digjam, JC Penney, Monte Carlo Pantaloons etc



# Key Milestones



# Business Verticals

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Value Added Yarns

Dyed Yarns

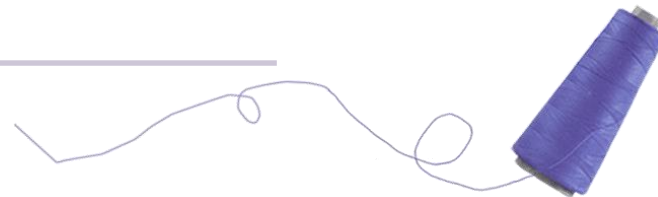
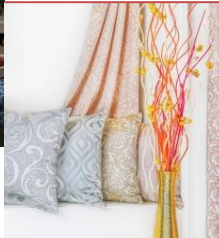
Melange Yarns

Home Textiles

Curtains

Upholstery

Made Ups



# Sutlej – Charged to grow higher

## **Focussed on Value Added Dyed yarns**

Leading spun dyed & Melange  
Yarn Manufacturer in India

**sutlej**  
textiles and industries limited



## **Improving Operating Efficiencies**

One of the best Capacity  
Utilization in Industry  
Better RM & Power through Green  
Fibre and Solar Energy

## **Niche Home Textile**

Curtains, Upholstery and Made ups

## **Growth Drivers**

Home Textile  
New Adjacent Segments  
Inorganic Growth

# 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**

Non Exec Director

**Mr. Ashok Mittal**

Non Exec Director

## Key Executives

**Mr. S.K. Khandelia**

President & CEO

**Mr. Updeep Singh**

Deputy CEO

**Mr. Bipeen Valame**

WTD and CFO

**Mr. Manoj Contractor**

CS & Compliance Officer



## Focused on Value Added Specialty Yarns

*Always opted for expansion into high value specialty yarns*

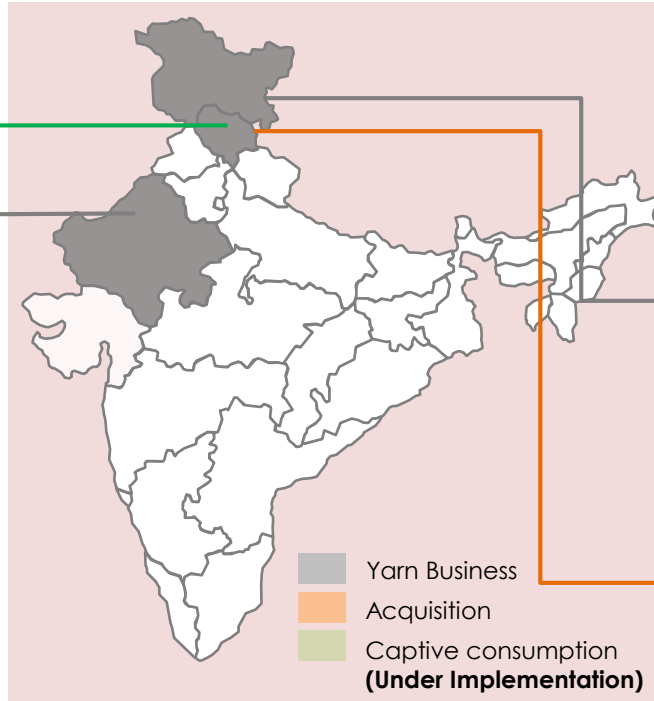
# Yarn Capacities

## Bhawanimandi, Rajasthan

- 35,280 Spindles (Cotton Mélange )
- 91,584 Spindles (Man –made Fibre)
- Roof top solar plant of 2.7 MW

## Baddi, Himachal Pradesh (Under Implementation)

- Green Fibre Plant
- 120 MT per day manufacturing Raw White & Black Recycle Fibre
- Exp. Commercial production Q1FY20-21



- Ability to handle variety of RM with different counts
- Work very closely with customer to fulfil requirements
- Manufacture to Sale and not to Stock

## Kathua, J&K

- 1,09,154 Spindles (Cotton Mélange)
- 1,01,446 Spindles (Man-made Fibre)

## Baddi, Himachal Pradesh

- 83,376 Spindles (Man-made Fibre)





# Speciality Dyed Yarns – Backbone of our business

## ▪ **Leading Yarn manufacturer in India**

- 4,20,840 Dyed Yarn Spindles
  - 35% dedicated to Melange Yarn
  - 65% dedicated to various blends

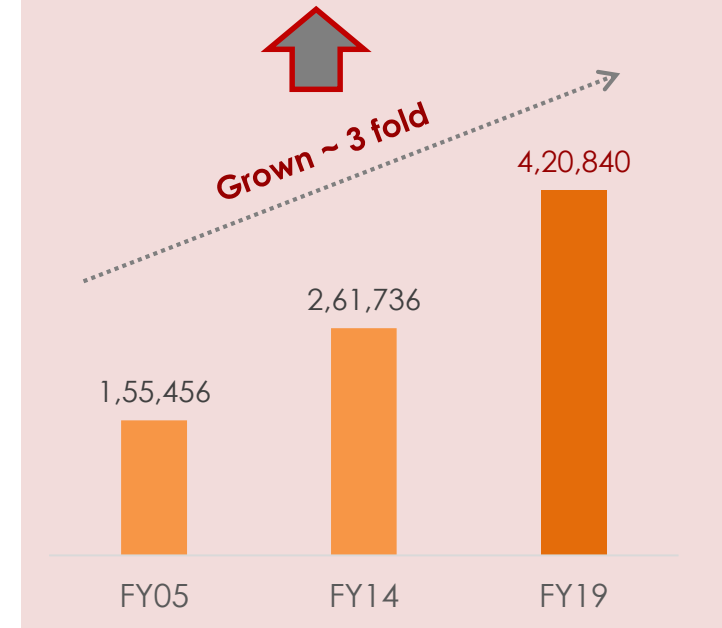
## ▪ **Well Diversified Product Portfolio**

- Marquee clients like Page Inds (Jockey), Westside, Marks & Spencer, Arvind, JC Penney, Monte Carlo Pantaloons etc,
- B2B business model with over 60% revenue from organized sector
- Robust Business Model with low concentration and diversified geographical spread
- Strong Brand Recall in Yarn Segment

## ▪ **Strong Global Footprint**

- Around 35% Revenue from Export to over 65 countries
- Export to all major countries in the world
- Three Star Export House Status holder

## *Continuous Increase in Spindle Capacities*





## Niche Home Textile Presence

*One of the few listed Curtains & Upholstery players*

# Home Textile - Emerging Business

## ▪ Focus on Curtains, Upholstery & Made ups

- Leading producer & exporter of Home Decor
- Acquisition of American Silk Mills (ASM), leading Design & Distribution in USA

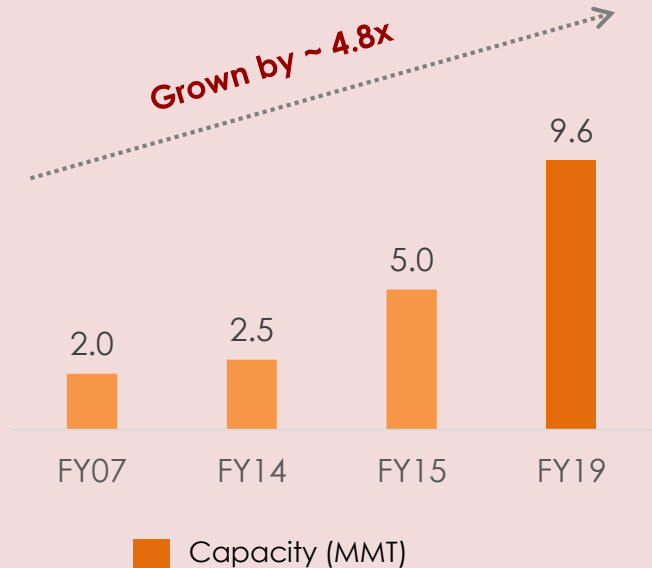
## ▪ Latest Technology in design & manufacturing

- State of Art manufacturing facility at Gujarat
- Capacity 9.6 Mn. metres/pa
- 126 dobby & jacquard looms including 36 looms with double width

## ▪ Strengthening Product Portfolio

- Leveraging ASM design expertise and US presence
- Focus on higher end markets in developed countries
- Building world class design capabilities
- Improving product mix and broadening product portfolio

## Continuous Increase in Loom Capacities



# Strengthening Capabilities in Home Textiles

## Enhance Manufacturing Capabilities

- Modernisation of Home textile facility is underway to help widening product offering & meet market trends.
- Adding wider width machines & Printing capabilities.
- Upgrading sampling infrastructure.

## Expanding Product Portfolio

- Better Designs
- Made-ups
- Prints
- Wider width fabrics

## Establish Geographic Presence

- Increasing focus on US & UK markets, new collections being well received
- Acquired new customers in domestic & export market
- Entry into new sales channels

## Improving Designing Strength

- Hired International Designers
- New designs with latest trend
- Latest design S/W

## Leverage ASM Brand

- Over 100 years of industry experience with rich design archives
- Build Synergy to leverage designs

## Branding

- Contemplating to create own brand in home textiles segment which will help to have brand recall, loyalty and better margins.

The background features a collage of various silk fabrics. On the left, there's a piece with a complex, multi-colored pattern in shades of brown, tan, and white. Below it is a roll of light-colored silk with a fine, vertical ribbed texture. Further down is a fabric with a bold, vertical striped pattern in shades of brown and white. On the right side, there's a light-colored fabric with small, delicate floral embroidery in pink and green. In the center, a piece of paper with handwritten notes in cursive is visible, including the words 'Tail Rec.' and some numbers. A dark grey rectangular box with white text is overlaid on the center of the image.

# AMERICAN SILK

TIMELESS DESIGN SINCE 1896

[www.americansilk.com](http://www.americansilk.com)

**Building Organisation**

# American Silk Mills (ASM)

## After the acquisition of ASM, the company has taken various steps to improve the performance

### ▪ New Management team

- The company had appointed Mr. David Corbin as the CEO in Feb 2019. Prior to joining ASM, David has held key positions in companies like Steve Silver, Real Home furniture and other renowned companies
- The company has also appointed key positions in the Marketing and Designing team

### ▪ Product & Design

- Introduced new product line-Endurosilk – this fabric combines the look and feel of silk & endurance of performance
- Have done Product innovation in ASMs iconic Velvet Brussels collection by making it more safer and durable
- Working on provide year-round product offerings focused on key accounts to increase opportunity and continual contact with all customers
- Continuous custom product development for customers across all markets

### ▪ Marketing & Sales

- Launched new website and Corporate Video
- Reorganized sales force & added key positions like National Accounts Design Specialist to help facilitate Key A/cs.
- Launching India specific collection sourced from India & marketed in USA
- Plans to start sale on Ecommerce platform

# American Silk Mills (ASM)

- **Building Customers Confidence/Identifying new customers**
  - Re-gaining customer confidence of key customers like Lee Industries, Tapis etc
  - Identified new customers to be targeted
- **Operations**
  - Continuously identifying synergy opportunities for sourcing yarn/fabrics from Sutlej
  - Introduced 5 S into warehouse operations
  - Warehouse is made compliant with OSHA guidelines
  - Improved percent of on-time deliveries

## Some of ASMs collections



**BRUSSELS**  
REFINED LUXURY VELVETS



**sensuede**  
HIGH-PERFORMING SUEDE

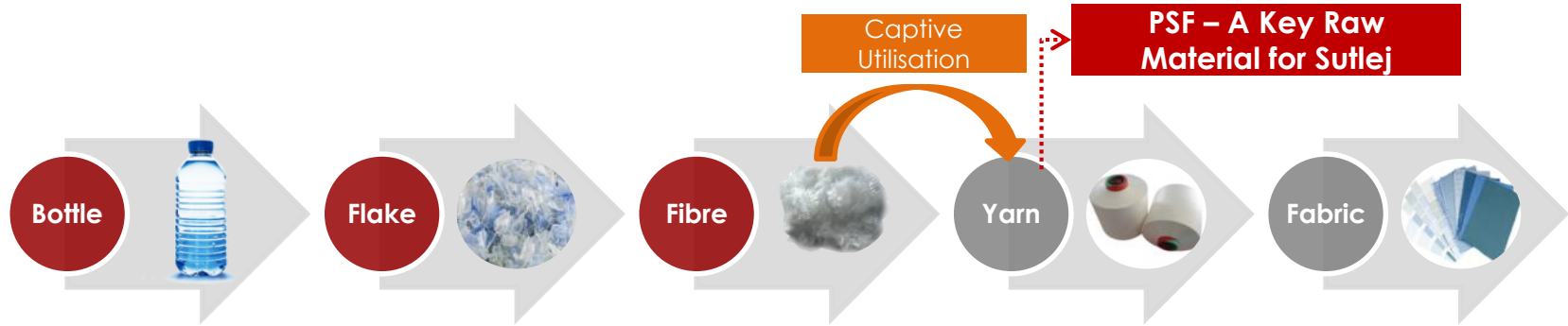


# Improving Operating Efficiencies

*Our disciplined approach towards growth have always helped us to achieve new heights*



# Backward Integration into Green Fiber



Description	Details
Capacity to produce Raw white and black recycled fibre	120 MT / Day
CAPEX	Rs. 189 crore
Location (adjacent to our existing yarn manufacturing unit)	Baddi, Himachal Pradesh
Expected Commercial Production	Q1FY20-21
Spent upto date	~Rs 18 crores
Current Status : Project on schedule. Civil Work is ongoing and orders for most of key plant and machinery have been placed	

**Fulfil 75% of Captive Requirement of Key Raw Material PSF**



# Focus on Reducing Energy Cost

- Installed **Roof Top Solar plant of 2.7 MW** at new unit in Bhawanimandi, Rajasthan,
- **Resulting in over 70% saving in per unit power cost compared to State Tariff**



Solar Plant at Bhawanimandi, Rajasthan

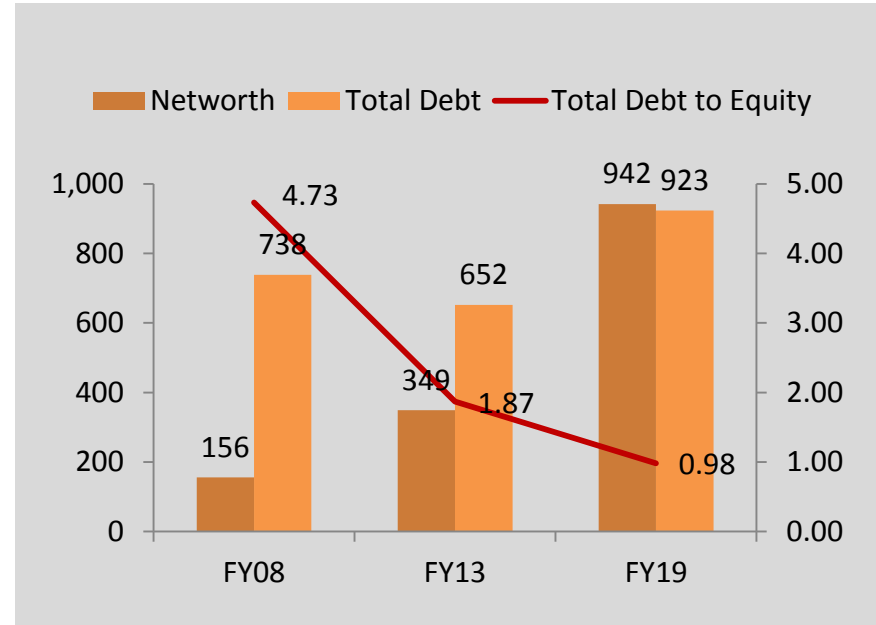
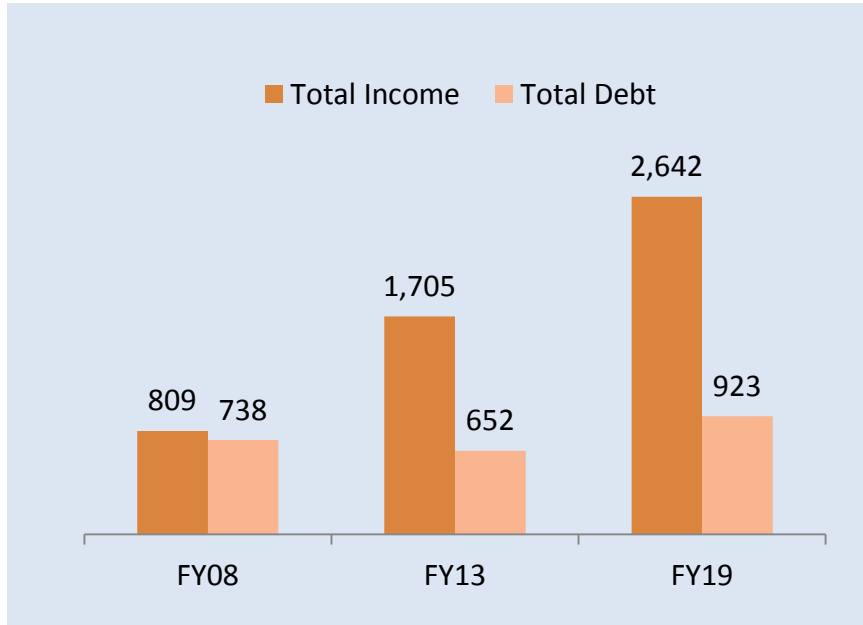




## Sutlej 2.0 – Growth Strategy

*Charged to grow higher backed by a strong Foundation*

# Always Focused on Disciplined Growth



Continuous reduction in Total Debt to Equity ratio over the years, FY19 was 0.98 vs 1.15 in FY18



# Well Placed for next Growth Phase

- Effective control on key Raw material cost

## Backward Integration



- Improving performance of ASM & integration with Sutlej
- Product Portfolio expansion to strengthen Home Textiles Business

## Growth in Home Textile with better Margins



- Opportunities into Forward Integration
- Opportunities in new Speciality Yarns

## Exploring New Segments



- Strong Balance Sheet
- Generate better Return Ratio's

## Inorganic Growth opportunity

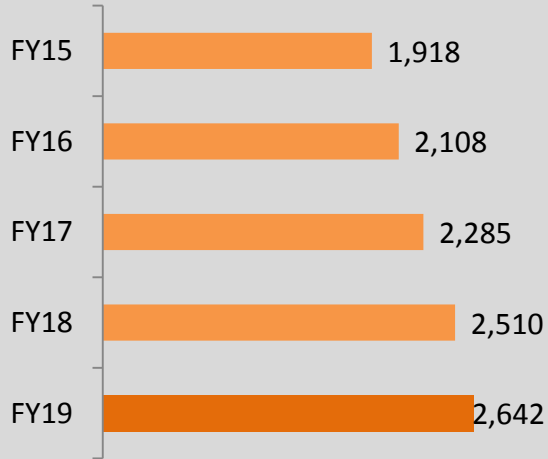




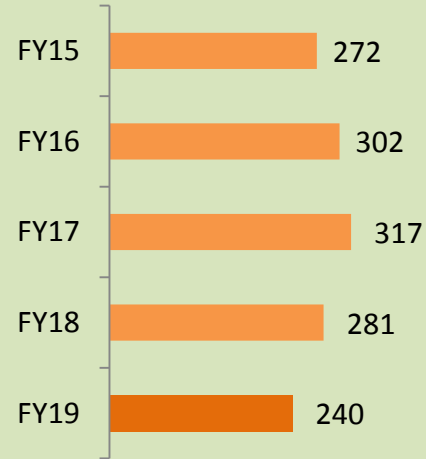
## Annexure - Financials

# 5 year Performance Highlights

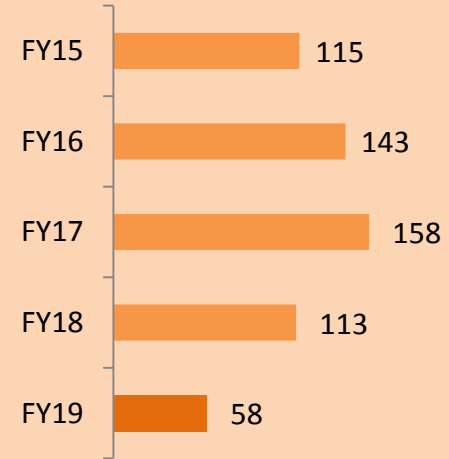
## Revenue



## EBITDA



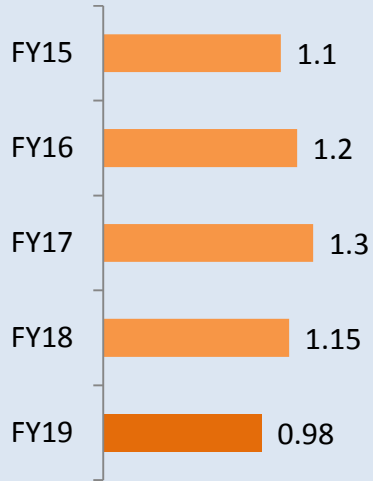
## PAT



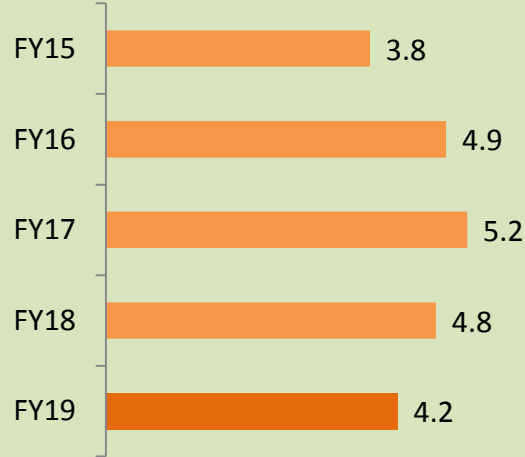
The Company acquired American Silk Mills, LLC on 6th Nov 17 and hence FY 2017-18 is first year of consolidation and FY2018-19 is first full year of Operation.

# Balance sheet Ratios

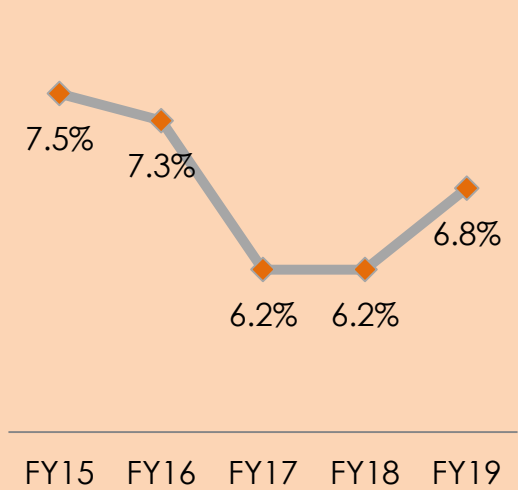
## Comfortable Total Debt/Equity Ratio



## Robust Interest Coverage



## Average Interest Rate of Term Loans (After TUF)





# Appreciation and Awards

- Silver Trophy for Second highest exports of Cotton yarn (Processed Yarns) in category II by TEXPROCIL
- Bestowed 'Silver Trophy' for the 'Second Best Export Performance of Spun Yarns' for 2017-18 by SRTEPC



“WITHSTANDING FIRMLY DURING A STORM  
HELP’S TO CHERISH THE SUNSHINE LATER”

**THANK YOU!**

**Let's Connect**



**Mr. Bipeen Valame**

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