

09th February, 2018

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,

Please find enclosed herewith a copy of the Results Presentation with respect to the Un-audited Financial Results for the quarter ended 31st December, 2017.

Thanking you,

Yours faithfully,
For Sutlej Textiles and Industries Limited

Manoj Contractor
Company Secretary & Compliance Officer



Encl: a/a

K. K. Birla Group Company

sutlej
textiles and industries limited

Sutlej Textiles & Industries

proactive and prepared...

Investor Presentation

February 2018



Agenda

1. Q3 & 9MFY18 Performance
2. Sutlej at Glance
3. The 4 Pillars of Sutlej
4. Performance Ambition
5. Financial Highlights



Q3 & 9MFY18 Performance



Delivered sustainable growth in 9MFY18 despite challenging business environment

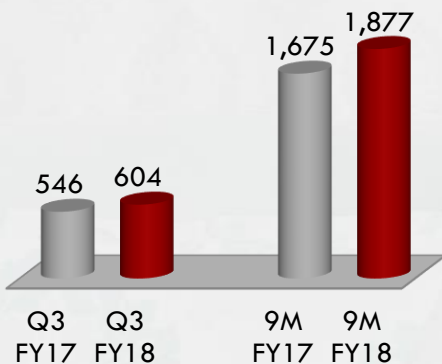
Key Challenges during 9MFY18 compared to 9MFY17

- Market disruption due to GST implementation impact
- Export remain under pressure due to stronger INR/USD 67.87 (avg. Dec 2016) to INR/USD 64.25 (avg. Dec 2017)
- Increased raw material prices (cotton and Polyester prices increased by 14% (YoY) & 5% (YoY) respectively)
- Expansion of RTM and DGHT - First year of commercial operations under stabilization
- Increased power cost due to increase in tariff rates by State DISCOM
- Increase in cross subsidy surcharge making open access prohibitive

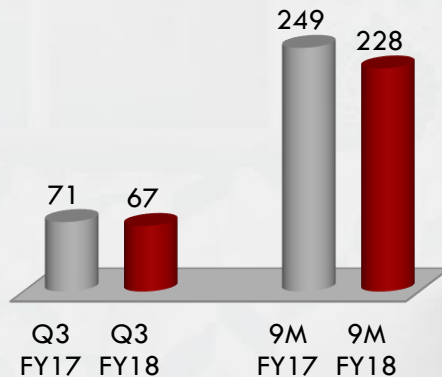


Q3 & 9MFY18 Financial Highlights

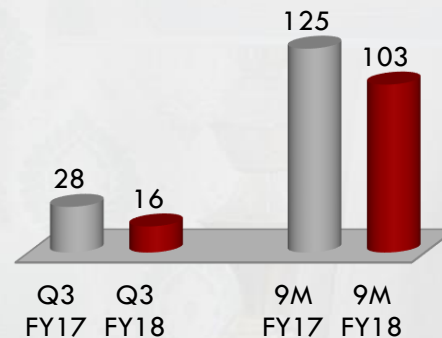
Total Income (Rs Cr)



EBITDA (Rs Cr)



PAT (Rs Cr)



Margin remained under pressure due to:-

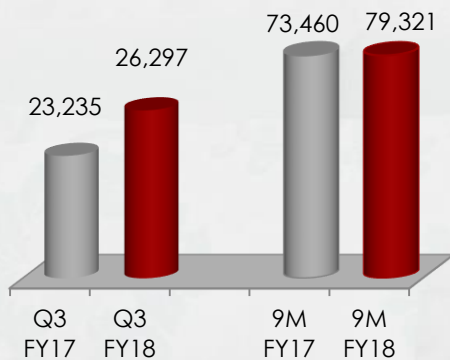
- ✓ Subdued demand in demand and export markets
- ✓ Reduction in Government incentives
- ✓ Stronger INR against USD



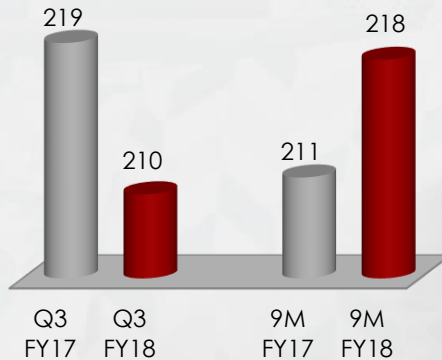
Key Performance Highlights – Q3 & 9MFY18

9MFY18 on 9MFY17 Revenue grown-up by 12%, the Yarn segment continues to give 95%+ of Revenue Share

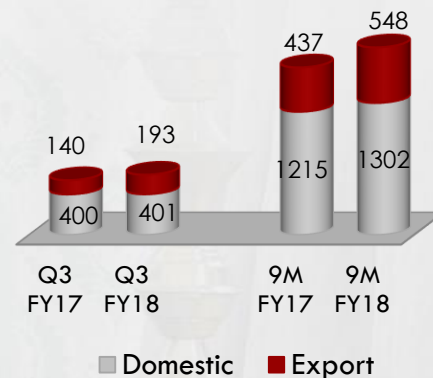
Yarn Sales (in MT) Up by 8% in 9MFY18



Average Yarn Realization (Rs/kg) Up by 4% in 9MFY18



Export Revenue Up by 29% in 9MFY18



Profitability Highlights

Rs. in Cr	Q3FY18	Q3 FY17	Q2FY18	9MFY18	9MFY17
Income	604	546	614	1877	1,675
Raw Material Cost	337	301	325	1043	912
Employee Cost	78	66	77	227	196
Other Expenses	123	108	127	379	318
EBITDA	67	71	85	228	249
EBITDA Margin (%)	11.08%	12.94%	13.81%	12.15%	14.88%
Depreciation	27	21	26	80	63
Finance Cost	13	12	15	44	35
Profit Before Tax	27	38	43	105	152
Exceptional Items	-	-	42	42	-
Tax	11	10	22	43	27
Net Profit After Tax	16	28	63	103	125
Net Profit Margin (%)	2.71%	5.07%	10.33%	5.51%	7.44%
Earning Per Share (Rs.) \$\$	1.00	1.69	3.87	6.31	7.61

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



Executive Chairman's comments on 9MFY18 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 business environment continued in Q3FY18, due to subdued demand. Margins were under pressure on account of increased cost of raw materials, appreciation of rupee and reduction in export incentives. I am hopeful that our diversified portfolio of value added products should enable us to deliver better performance, once the demand normalizes"





“ We are happy to announce that Sutlej is awarded as Leading Export House by TEXPROCIL ”

About TEXPROCIL: TEXPROCIL has been the international face of cotton textiles from India facilitating exports worldwide, Texprocil has a membership of ~3,000 companies spread across major textile clusters in India. Its members are well established manufacturers and exporters of cotton textile products.

Moving towards **Green Energy** for better Cost Efficiencies

Installed **Roof top solar plant of 2.1 MW** at new unit in Bhawanimandi, Rajasthan resulting ~40% less per unit cost compared to State Tariff



Solar Plant at Bhawanimandi, Rajasthan



Key Business Updates during the Year

Setting up Green Fibre project

- Recycled PSF Plant of 80 MT/Day Capacity
- Expected CAPEX ~Rs 110 Crore
- Expected COD by 1st July 2019

Home Textiles Division – Acquisition of business in USA

- Company Invested USD 4.5 Million in Wholly Owned Subsidiary in USA
- Acquired 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 estimated project cost of Rs. 270 crores
- Commenced Commercial production of 17 no. Circular Knitting Machines in Q3FY18
- Project 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



Key Business Updates during the Year

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 funded by mix of internal accruals and term loan.

Modernization Update

- Invested around Rs. 51 crore during 9M 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. 29 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 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





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

4,17,150 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. Updeep Singh

Deputy 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
- **4,17,150** spindles capacity
- **Cotton Melange Yarn** Capacity 1,44,290 spindles
- Marquee clients - **B2B business**
- Optimum Capacity utilisation of **~95%**
- Average counts of yarn **27.05**



5% Revenue share

Home Textile Segment

Focus on **Curtains & Upholstery**

Capacity - **9.6 million metres**

Leading producer & exporter of Home Decor

Exports account of **33%**

Latest technology in design & manufacturing

State of Art Weaving and processing facility with total 126 loom including 36 looms with double width



Best in class facilities

Location: Bhawanimandi, Rajasthan

Capacity:

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

Location: Daheli, Gujarat

Capacity:

- 9.6 million metres p.a. (126 looms. Dobby 42 single width, rest all Jacquard)
- Processing facilities mainly 4 stenter, 28 jet, 24jigger, 19 mechanical and various others

Location: Kathua, J&K

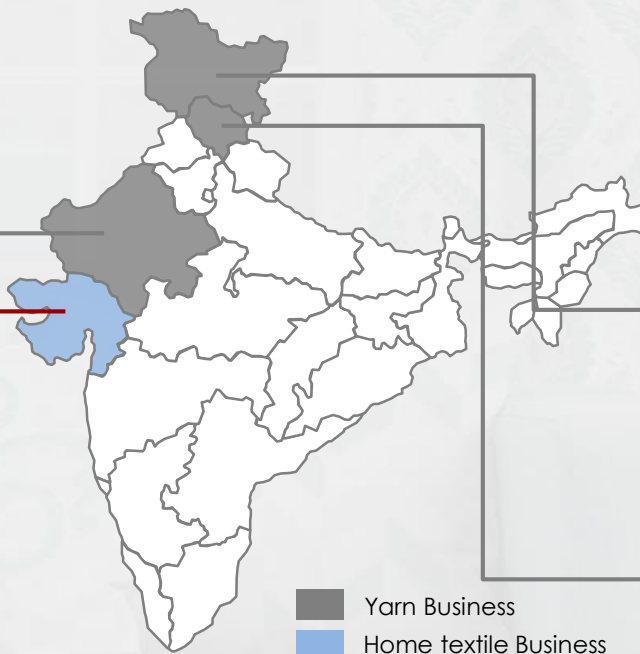
Capacity:

- 109,010 Spindles (Cotton Mélange)
- 97,900 Spindles (Man-made Fibre)

Location: Baddi, Himachal Pradesh

Capacity:

- 83,376 Spindles (Man-made Fibre)



Marquee Clients over the Globe

MARKS &
SPENCER

JCPenney

FABRIC TO FASHION
Siyaram's

DONEAR

LENZING
Modal

LYCRA

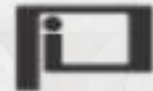
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ADITYA BIRLA
GRASIM

pantaløons

COOLMAX

ARROW
USA • 1851



Page Industries

ARVIND

Raymond



The 4 Pillars of Suttlej

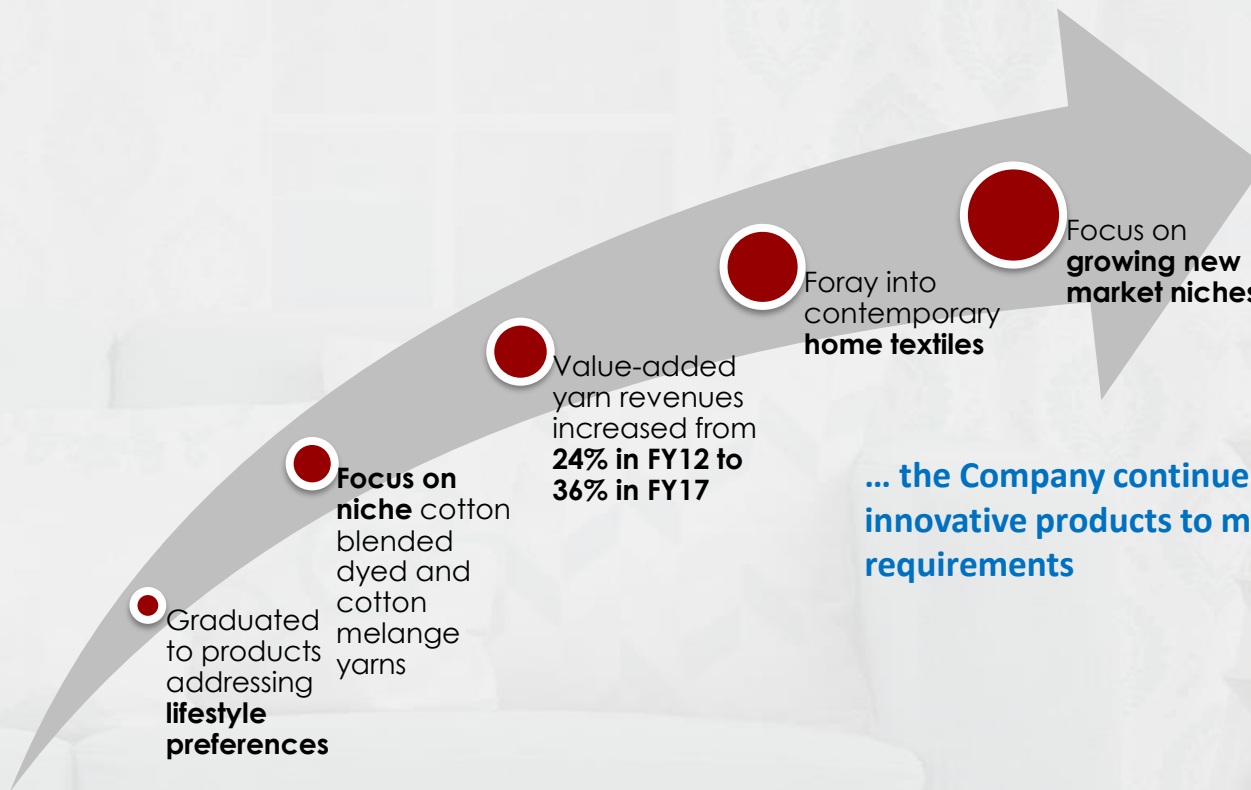
Segment Focus & Innovation

Geographic Footprint

Balance Sheet Integrity

Continuous Reinvestment

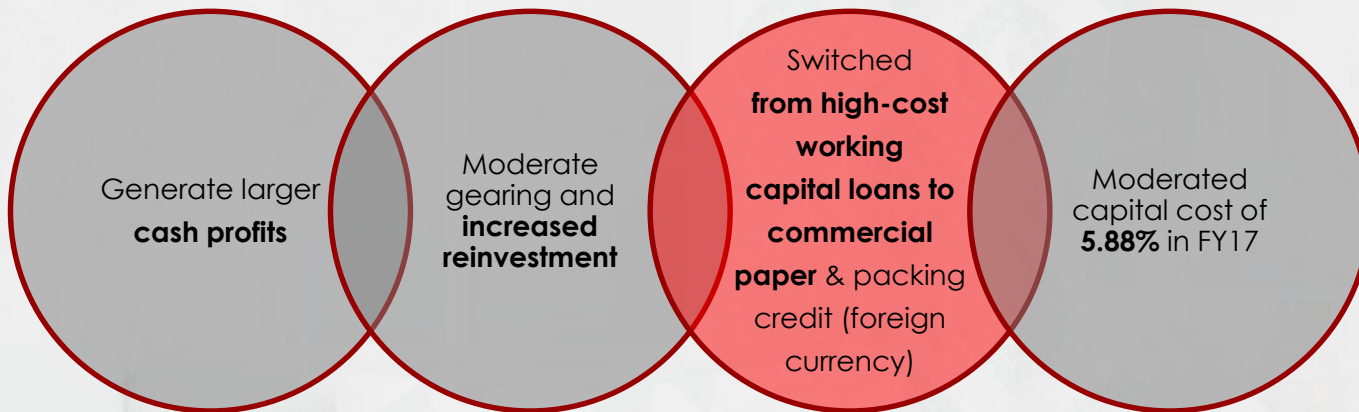
Segment Precision and Innovation



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



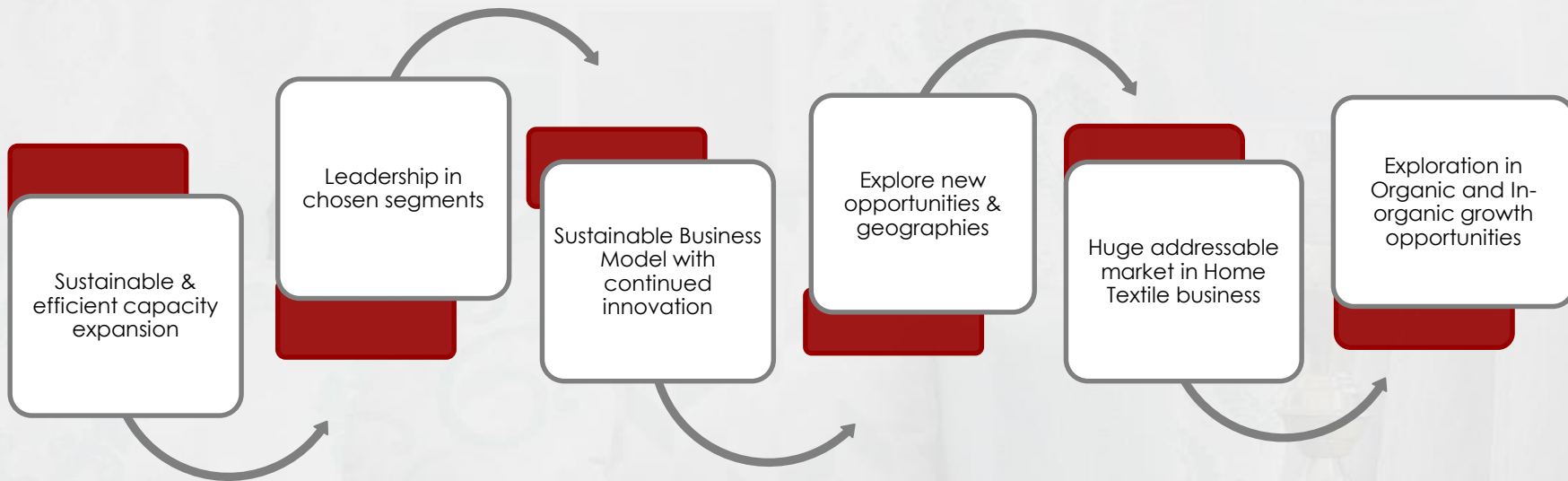
	FY12	FY14	FY17	9M FY18
Total Spindles	2,53,000	2,61,736	4,16,616	4,17,150
Propionate of Spindles less than 5 years old (%)	40	15	39	39
Home Textile Capacity (MMT)	2.5	2.5	9.6	9.6



A large industrial textile factory with rows of spinning machines and large spools of pink yarn. The machines are arranged in long rows, and the spools are hanging from the ceiling. The floor is covered with various mechanical components and spools of yarn. The lighting is bright, and the overall atmosphere is one of a busy, modern manufacturing facility.

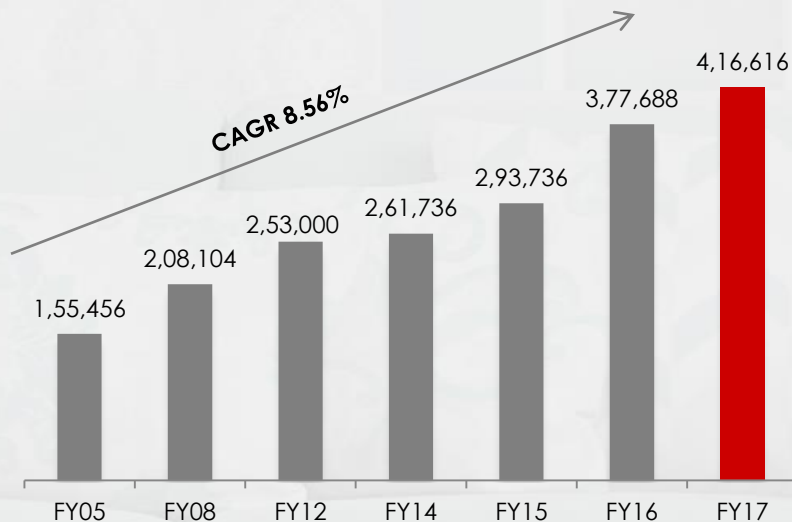
Performance Ambition

Performance Ambition

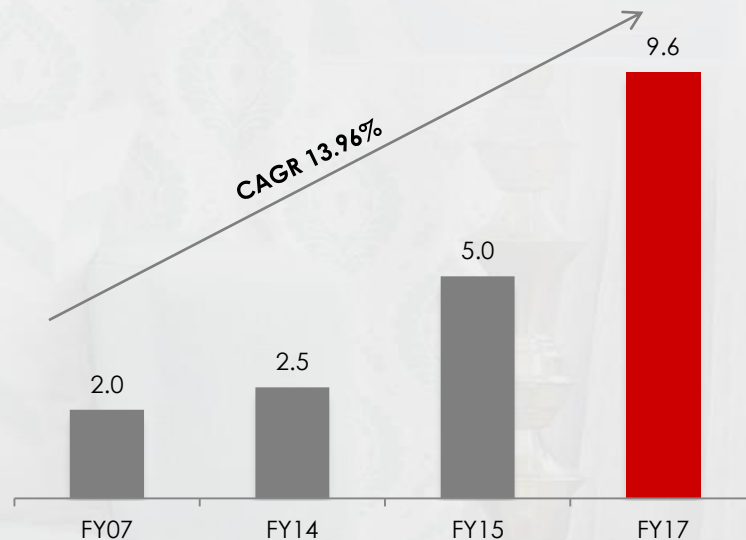


Sustainable & conscious capacity expansion...

Yarn Spindles Capacity



Home Textile Capacity



...led to leadership in niche segment

Dyed Yarn

- Leading producer of spun-dyed yarn
- Sutlej's Dyed yarn spindle Capacity 272,860

Melange Yarn

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



Sustainable business model...

Efficient Inventory management

Large & Major orders on **contract basis**

Safe Customers

Majority sales to Marquee clients - **B2B business**

Optimum level of raw material(Cotton)

Cotton Inventory of **~60 days**

Geographically Diversified Revenues

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

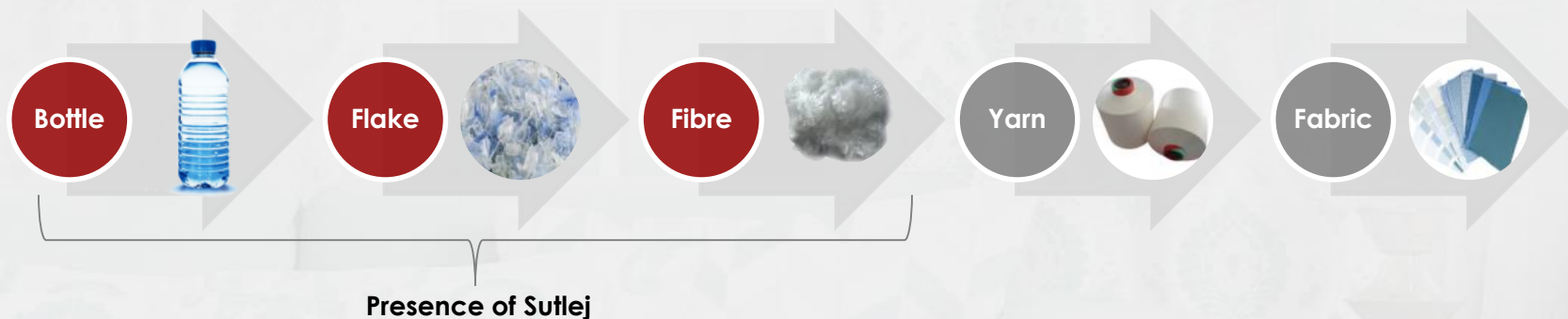
Catalogue sales in Home textile

Avoids large inventory and better cost control
Helps in efficient **Working Capital** Management



...Foray into new growth opportunities

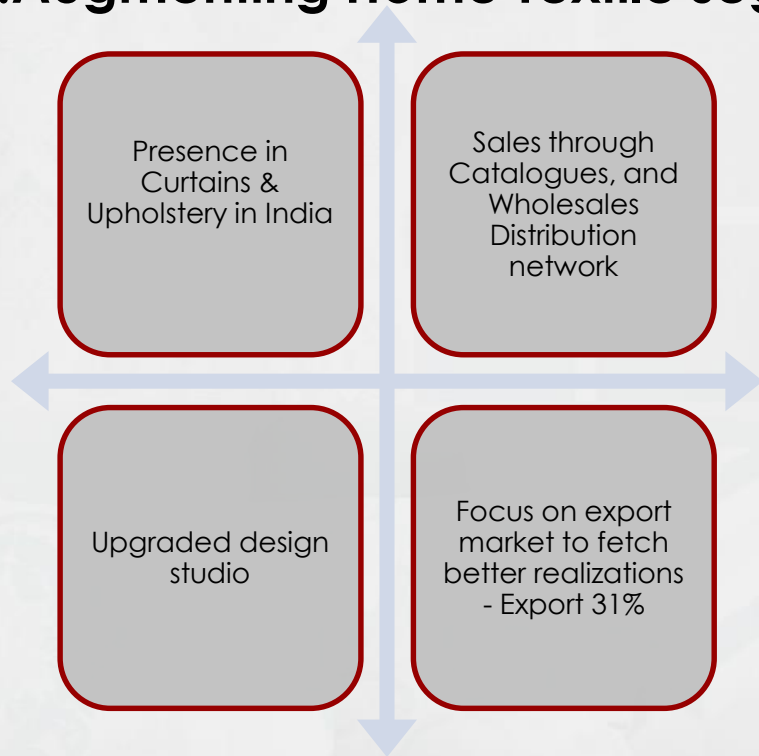
Green Fibre project to manufacture polyester staple fibre at Samba, Jammu and Kashmir



Rational of Project	
Capacity	29,200 MTPA
CAPEX (Rs. Cr)	~110 crore

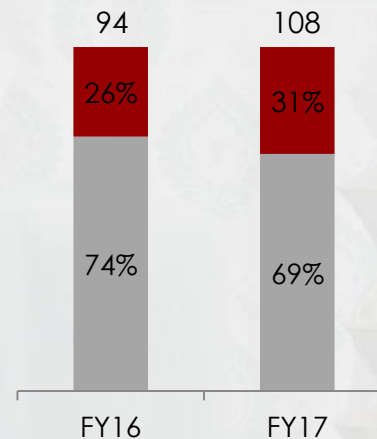


...Augmenting Home Textile segment



Home Textile Revenue Break up

■ Domestic (%) ■ Exports (%)



Acquisition of Design, Sales & Distribution business of “American Silk Mills” to increase footprint in USA market.



Industry Overview

Indian Textile Industry Overview

\$137 bn Indian Textile sector current size

2nd Largest employment generator, Employs 45 mn people directly

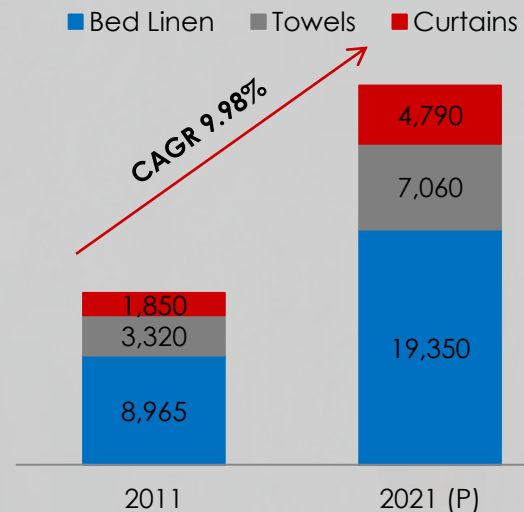
50 Million spindles along with 842,000 Rotors capacity ~3,400 mills

15% Share in country's export earnings

14% Contribution to India's manufacturing production

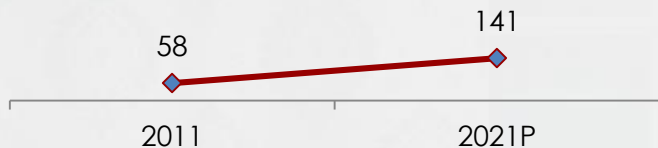
4% Contribution to India's gross domestic product

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



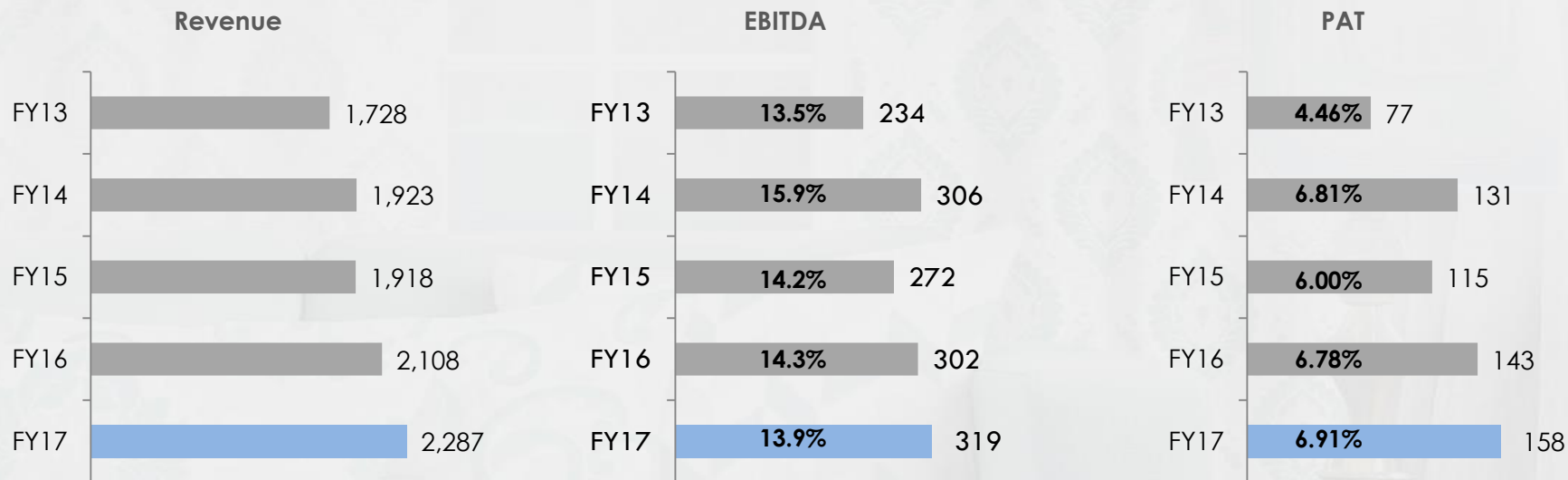
Source: IBEF





Financial Highlights

Enhancing value across the years

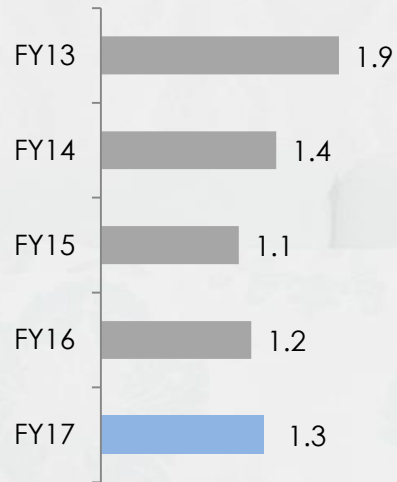


Maintained EBITDA margins even in challenging market conditions

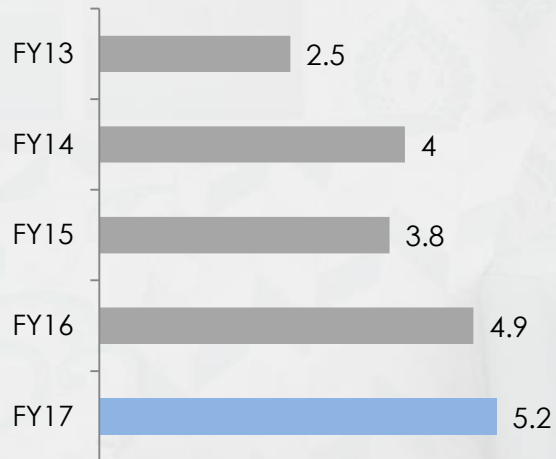


Maintained low leverage despite continuous expansion

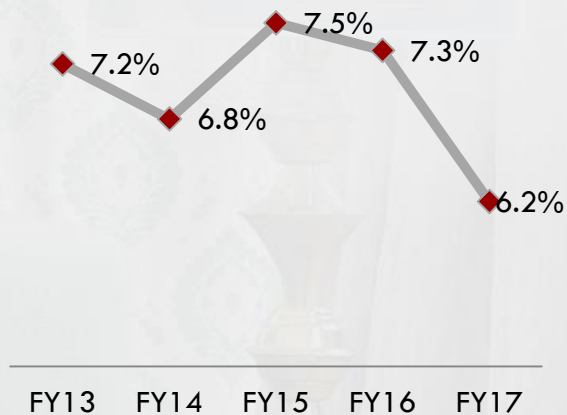
Comfortable Total Debt / Equity Ratio



Robust Interest Coverage

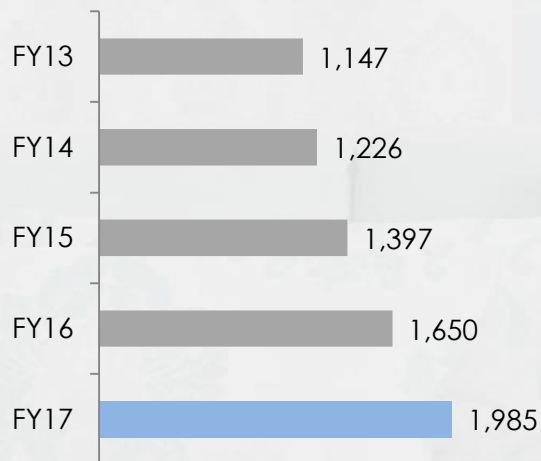


Average Interest Rate of Term Loans (After TUF)

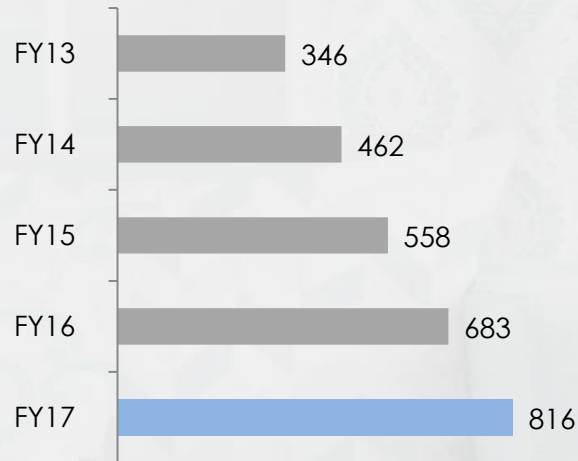


Continuous re-investment helps in better earnings growth

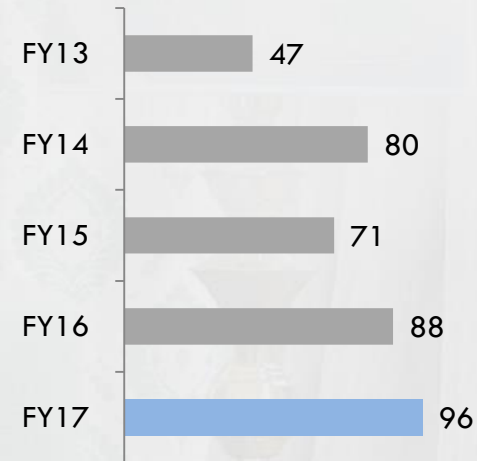
Gross Block (Rs Cr)



Networth (Rs Cr)

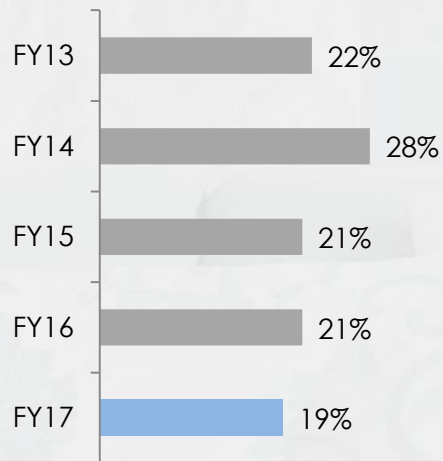


Earning Per Share (Rs)

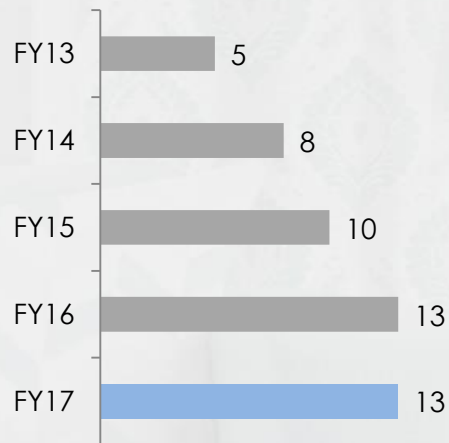


Enhancing value for Stakeholders

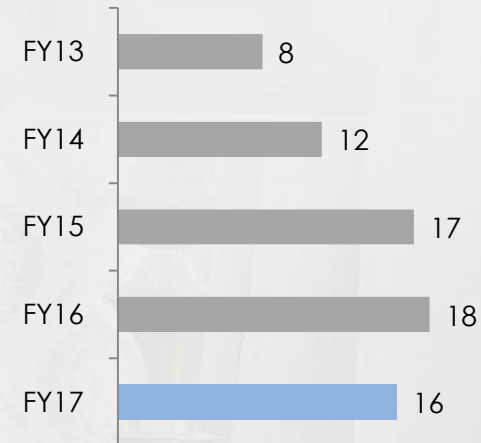
Return on Equity



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



sutlej

textiles and industries limited

THE ONE STOP SOLUTION FOR
YARNS AND HOME DECOR

Let's Connect



sutlej

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STELLAR
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Mr. Vikash Verma / Mr. Abhishek Bhatt

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