

07th February, 2019

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| BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. Scrip Code: 532782 | 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. Scrip Code : SUTLEJTEX |
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Investors Presentation

Dear Sirs,

Please find enclosed herewith a copy of the presentation with respect to the Un-audited Financial Results of the Company for the quarter and nine months ended 31st December, 2018.

This is for the information of the exchanges and members.

Thanking you

Yours faithfully
For **Sutlej Textiles and Industries Limited**



Manoj Contractor
Company Secretary and Compliance Officer



Encl: a/a



Sutlej Textiles and Industries Ltd

Charged to Grow Higher

Investor Presentation | February 2019

Safe Harbor

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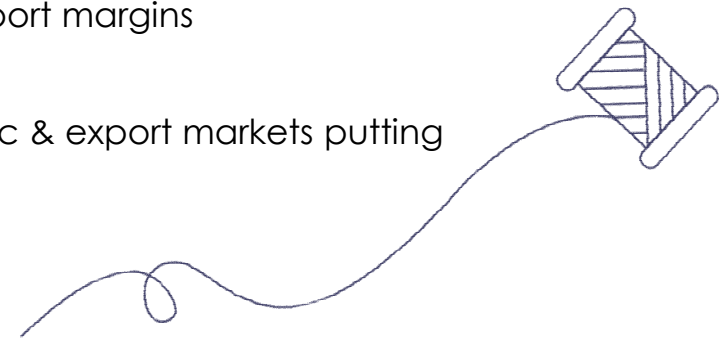


Q3 & 9M FY19 Results Highlights

Key Quarter Highlights

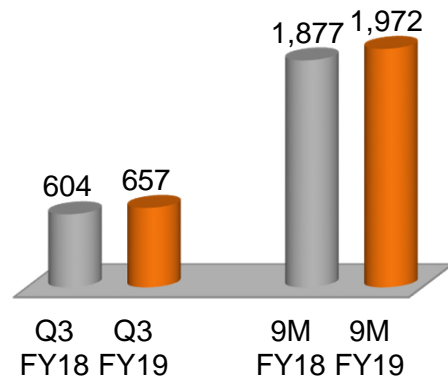
Key Challenges during Q3 FY19 compared to Q3 FY18

- Significant volatility in input prices, FX and Crude prices
- Increase in raw material prices, particularly PSF, created pressure on margins
 - Cotton and Polyester prices increased by 10% (QoQ) & 14 % (QoQ) respectively
- Reduction in export incentives from 11.50% to 2% impacted export margins
- Uncertainty in market place and disrupting demand in domestic & export markets putting pressure on realization rates and margins

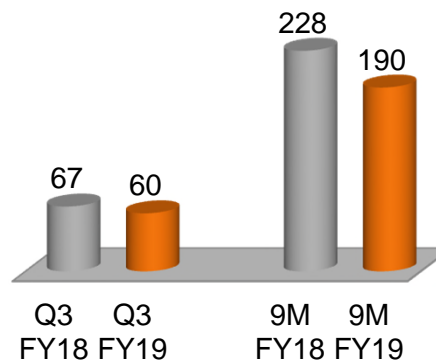


Results Highlights – Q3 & 9M FY19

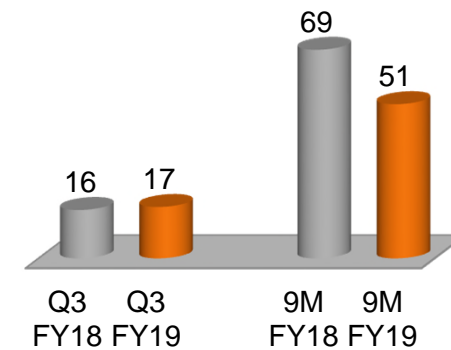
Total Income (Rs Cr)



EBITDA (Rs Cr)



ADJUSTED PAT (Rs Cr)



Performance updates:-

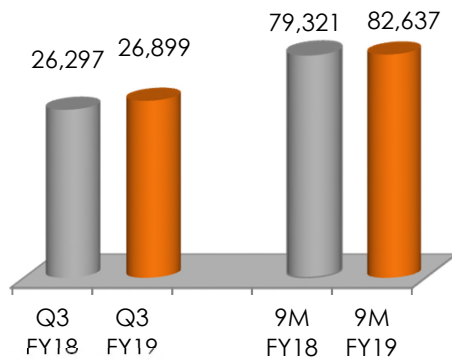
- Export increased by about 23% on QOQ and YOY Basis
- EBITDA and PAT for 9MFY19, impacted due to increase in PSF prices and reduction in export incentive



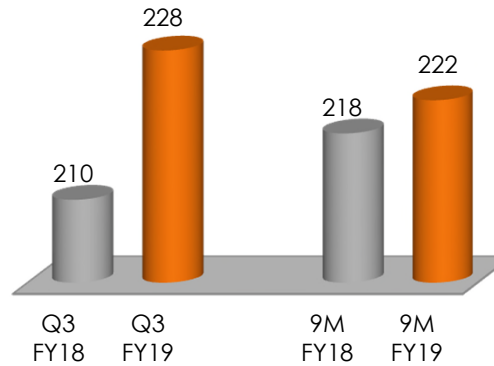
Key Performance Highlights – Q3 & 9MFY19

9MFY19 on 9MFY18 Revenue grew by 5%, the Yarn segment continues to give 95%+ of Revenue Share

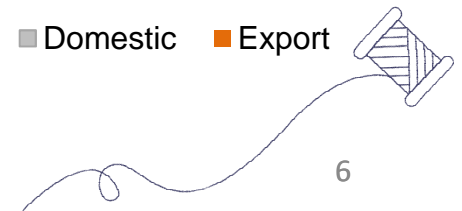
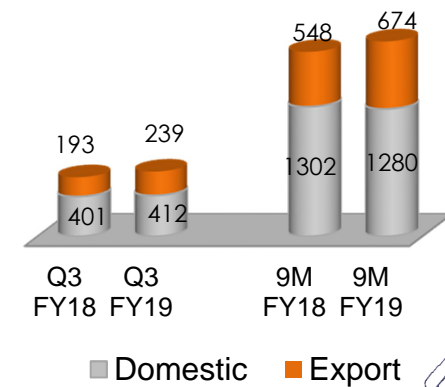
Yarn Sales (in MT) Up by 4% in 9MFY19



Average Yarn Realization (Rs/kg) Up by 2% in 9MFY19



Export Revenue Up by 23% in 9MFY19



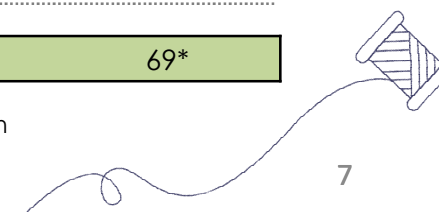
Profitability Highlights

| Rs. in Cr | Q3FY19 | Q3 FY18 | Q2FY19 | 9MFY19 | 9MFY18 |
|------------------------------|--------------|---------------|---------------|--------------|---------------|
| Total Income | 657 | 604 | 694 | 1,972 | 1,877 |
| Raw Material Cost | 394 | 337 | 400 | 1,148 | 1,043 |
| Employee Cost | 82 | 78 | 80 | 241 | 227 |
| Other Expenses | 121 | 123 | 140 | 393 | 379 |
| EBITDA | 60 | 67 | 74 | 190 | 228 |
| EBITDA Margin (%) | 9.14% | 11.08% | 10.70% | 9.61% | 12.15% |
| Depreciation | 25 | 27 | 25 | 76 | 80 |
| Finance Cost | 13 | 13 | 14 | 44 | 44 |
| Profit Before Tax | 22 | 27 | 35 | 70 | 105 |
| Exceptional Items | - | - | - | - | 42 |
| Tax | 5 | 11 | 10 | 19 | 43 |
| Net Profit After Tax | 17 | 16 | 25 | 51 | 103 |
| Net Profit Margin (%) | 2.63% | 2.71% | 3.58% | 2.57% | 5.51% |
| Earning Per Share (Rs.) | 1.06 | 1.00 | 0.53 | 3.10 | 6.31 |

Note :- Export incentive reduced significantly in current 9M FY 19 as compares to corresponding period

| | | |
|--------------------------------------|----|-----|
| Adjusted Net Profit After Tax | 51 | 69* |
|--------------------------------------|----|-----|

- Adjusted PAT - after adjusting Exceptional Income in 9MFY18 amounting to Rs.41.83 Cr and related tax provision
- Tax for 9MFY19 is lower due to lower PBT, MAT utilization and lower deferred tax



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:

"Q3 FY19 has witnessed unprecedented fluctuations in rates of crude oil, Polyester Staple fibre, a derivative of crude oil, one of our major raw-materials, exchange rates etc., creating uncertainty in market place and disrupting demand in domestic as well as in export markets and putting severe pressure on realization rates and margins in synthetic yarns. However, because of our robust business model having varied product mix and value added yarns in our product portfolio, we could counter these challenges to a large extent. I am hopeful that once the stability returns and demand normalizes, Sutlej should be able to deliver better performance."



Sutlej

Creation of a Strong Foundation over the years



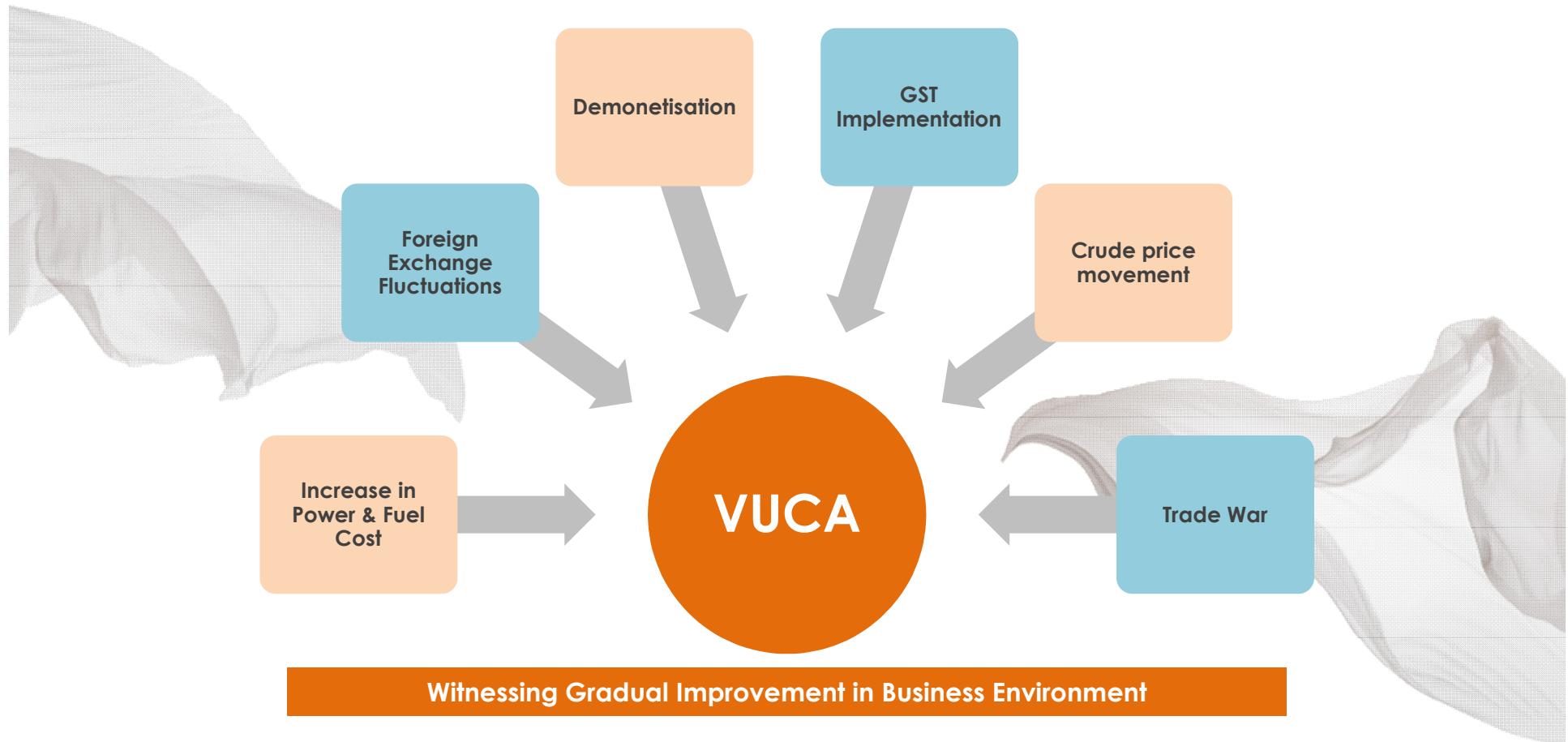
Year gone by...

- Past few quarters saw **unprecedented shift in structural changes** in Indian Economy with DeMo, GST, Liquidity Crises and Oil Prices
- **Trade war** between two largest economies in the world impacted global sentiments and growth projections
- It was challenging environment with **VUCA** (Volatility, Uncertainty, Complexity and Ambiguity) across industry and particularly for Spinning
- Input prices, Power Rates, Incentives, FX rates and interest rates all shown **high volatility impacting margins**
- We **responded decisively and effectively**
 - Consolidating our position in Domestic and Export Markets
 - Stabilizing expansion at RTM and DGHT
 - Continued to work closely with the customers to meet their requirements
 - Focussed our efforts on R&D and Innovation for yarns and home textiles portfolio
 - Ensured high plant efficiencies and output from our tangible and intangible assets
 - Diversified our customer base and geographical presence



Our Business Model remained intact and future growth ready...

Headwinds in last 2 years



Sutlej Textiles - Overview

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

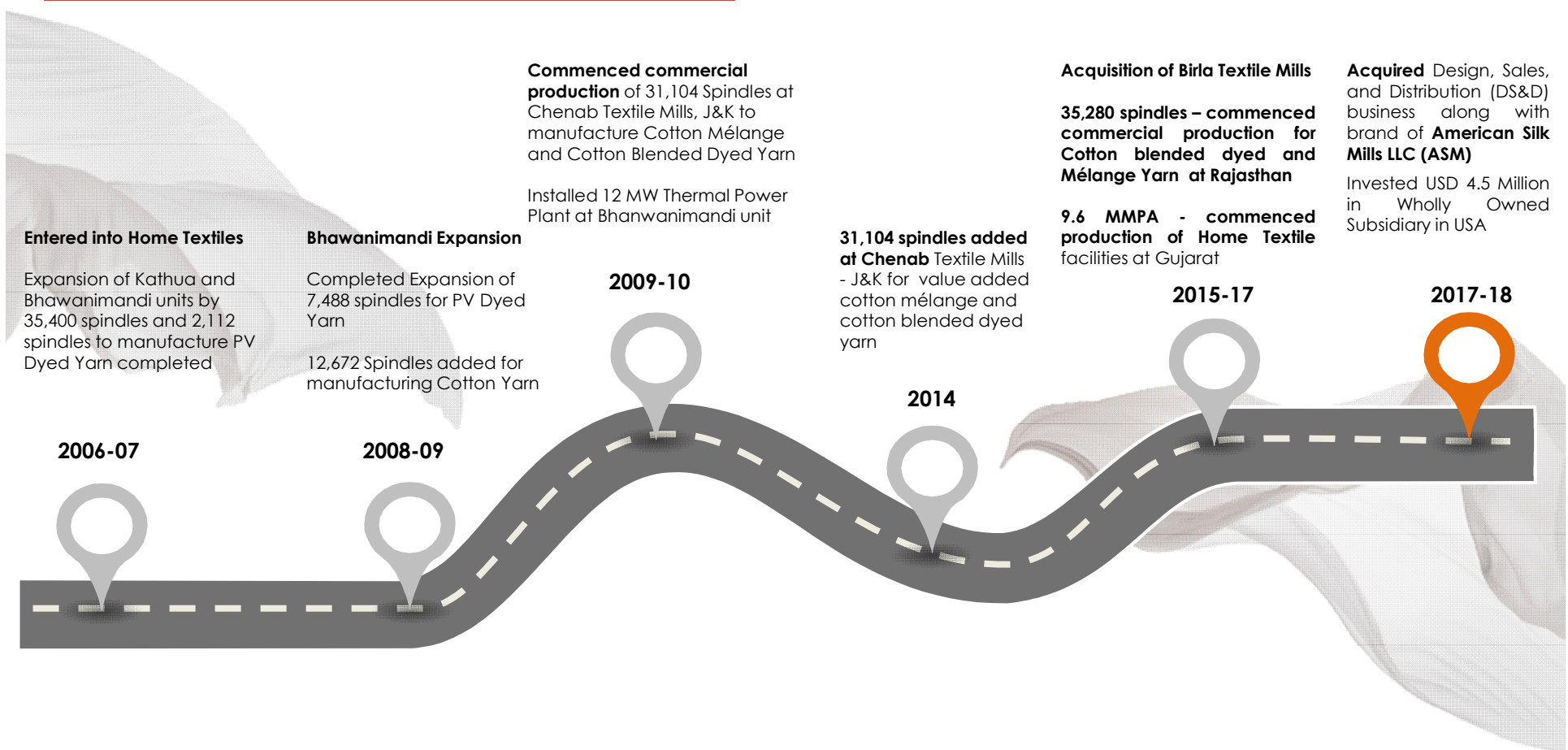
4,20,840 spindles capacity of Yarn
9.6 Million Meters Per Annum capacity of Home Textiles

Reputed Cliental

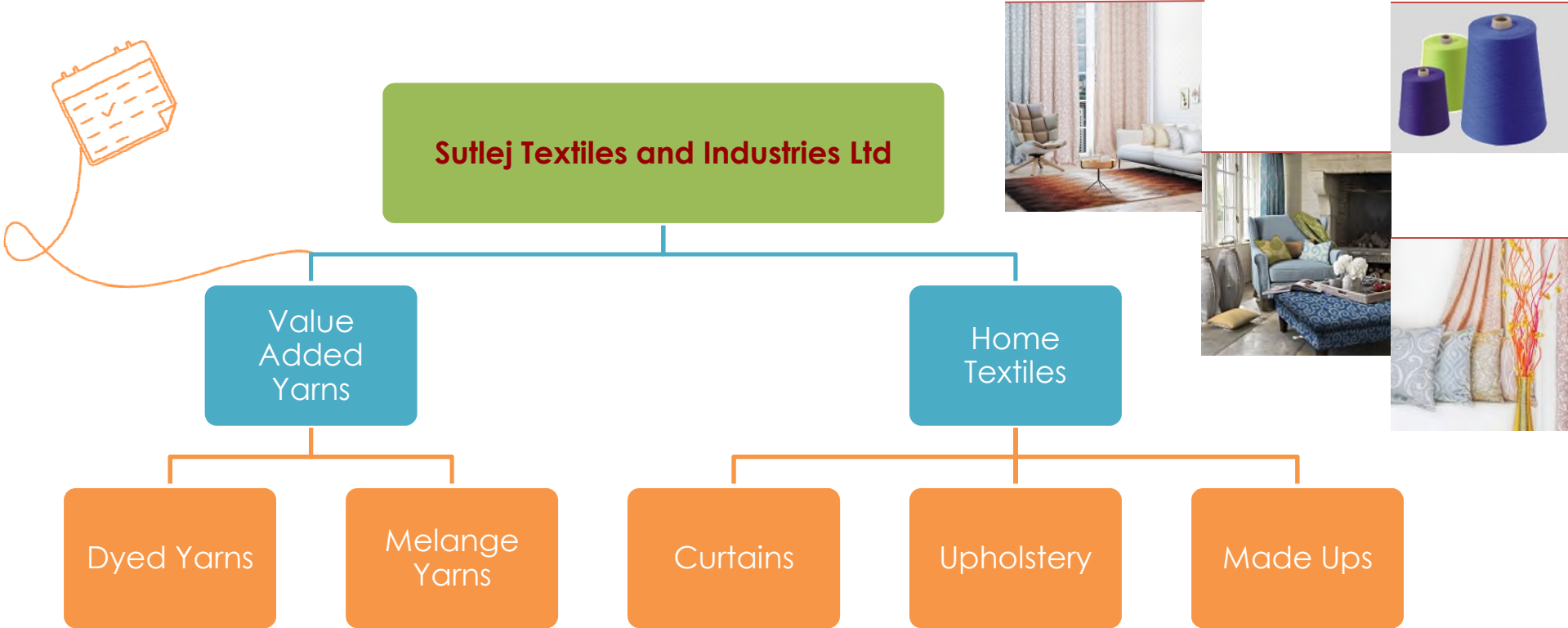
Marquee Clients like Page Industries, Siyaram's, Donear, Arrow, etc



Key Milestones



Business Verticals



Sutlej – Charged to grow higher



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 | Mr. Ashok Mittal 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 |
|--|---------------------------------------|---|--|



Focused on Value Added Speciality Yarns

Always opted for expansion into high value speciality yarns

Yarn Capacities

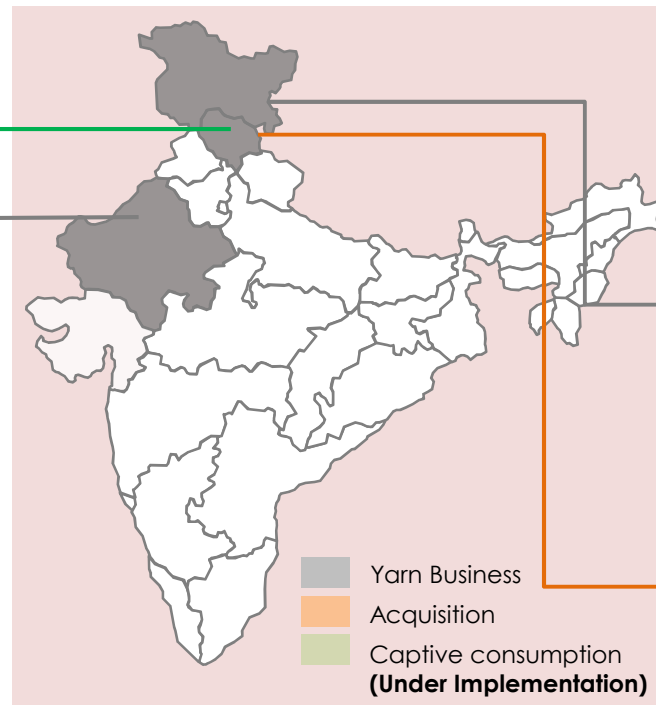
Bhawanimandi, Rajasthan

- 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



Nearly 32% of the spindleage and 67% of the fabric weaving machines commissioned in the last decade, assuring high technological relevance.

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**

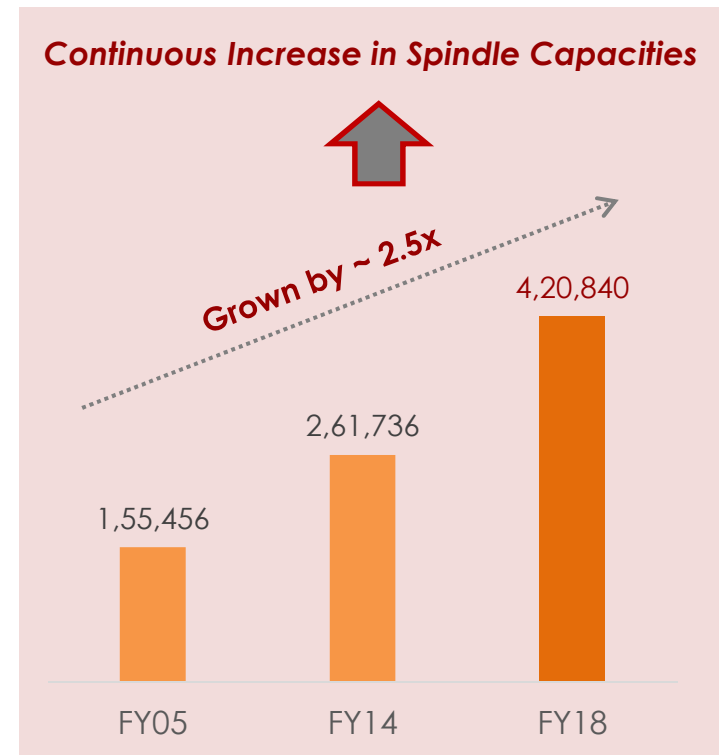
- 4,20,839 Dyed Yarn Spindles
 - ~ 35% dedicated to Melange Yarn
 - ~ 65% dedicated to various blends

- **Well Diversified Product Portfolio**

- Marquee clients like Page Industries, Siyaram, Raymond, Donear, 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**

- 30% + Revenue from Export to over 65 countries
- Export to all major countries in the world
- Star Export House Status holder





Niche Home Textile Presence

One of the few listed Curtains & Upholstery players

Home Textile - Emerging Business

- **Focus on Curtains, Upholstery & Made ups**

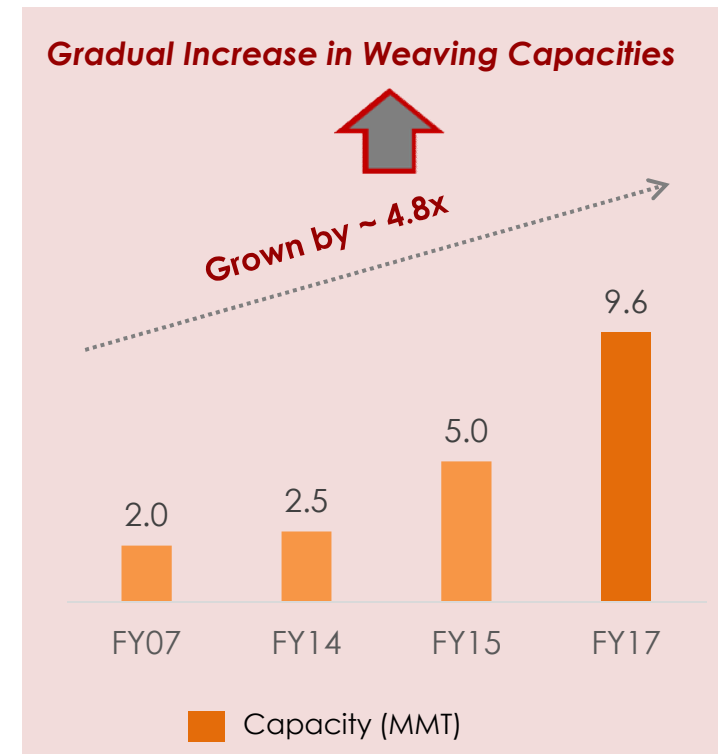
- Leading producer & exporter of Home Decor
- Acquisition of American Silk Mills (ASM), leading Design & Distribution in USA

- **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 counties
- Building world class design capabilities
- Improving product mix and broadening product portfolio



Strengthening Capabilities in Home Textiles

Enhance Manufacturing Capabilities

- Adding wider width printing machines
- Digital Printing capabilities
- Steaming & Washing
- Fancy Yarn
- Embroidery

Expanding Product Portfolio

- Better Designs
- Sheer Material
- Made-ups

Establish Geographic Presence

- Establishing office in Dubai to strengthen middle east operations

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

American Silk Mills (ASM)

Acquired Design, Sales, and Distribution (DS&D) business along with brand of American Silk Mills LLC (ASM)

- **Stabilizing Operations**

Working on improving margins

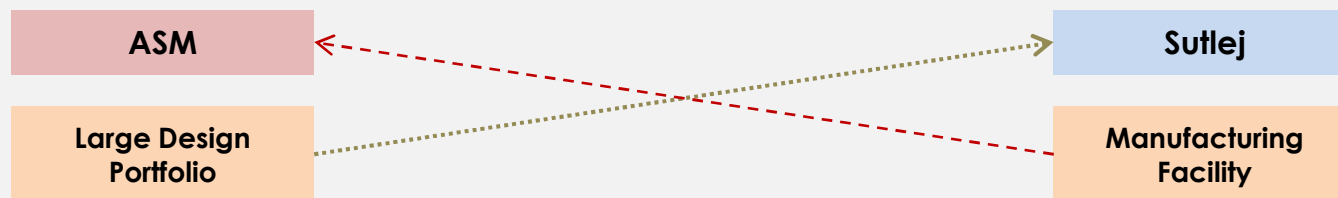
- **Building Customers Confidence**

Re-gaining customer confidence lost due to liquidity position before acquisition

- **Introduced New Product Portfolio**

Launched new product portfolio in July and Sept 2018

- **Integration in Manufacturing with Sutlej's Domestic Home Textile Facility**

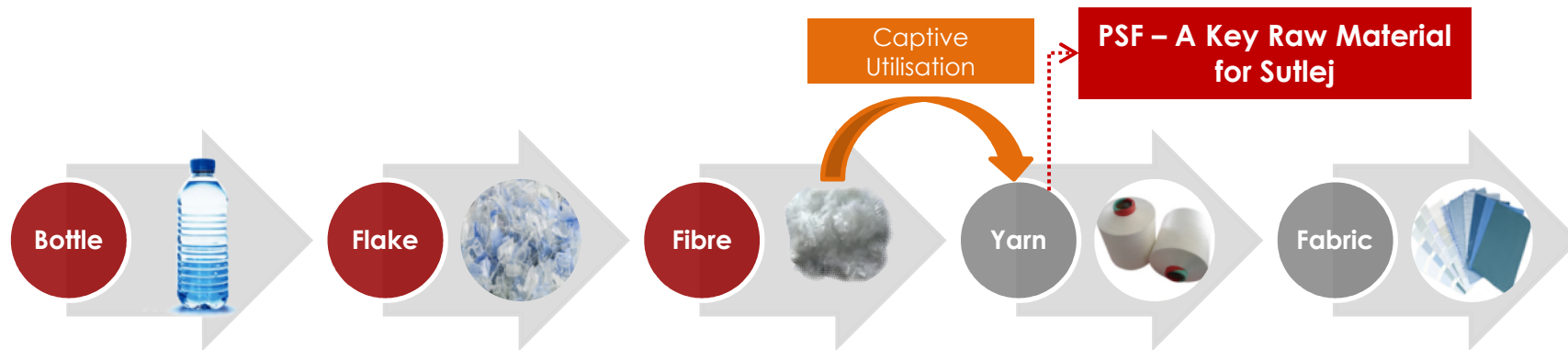




Improving Operating Efficiencies

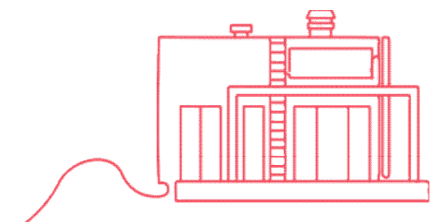
Our disciplined approach towards growth have always helped us to achieve new heights

Backward Integration into Green Fibre



| Description | Details |
|--------------------------------|-------------------------|
| Capacity | 120 MT / Day |
| CAPEX | Rs. 189 crore |
| Location – land acquired | Baddi, Himachal Pradesh |
| Expected Commercial Production | Q1FY20-21 |

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 ~40% less per unit cost compared to State Tariff**



Solar Plant at Bhawanimandi, Rajasthan





Sutlej 2.0 – Growth Strategy

Charged to grow higher backed by a strong Foundation



Well Placed for next Growth Phase

- Effective control on key Raw material cost

Backward Integration



- Integration with ASM
- Product Portfolio expansion to strengthen Home Textiles Business

Growth in Home Textile with better Margins



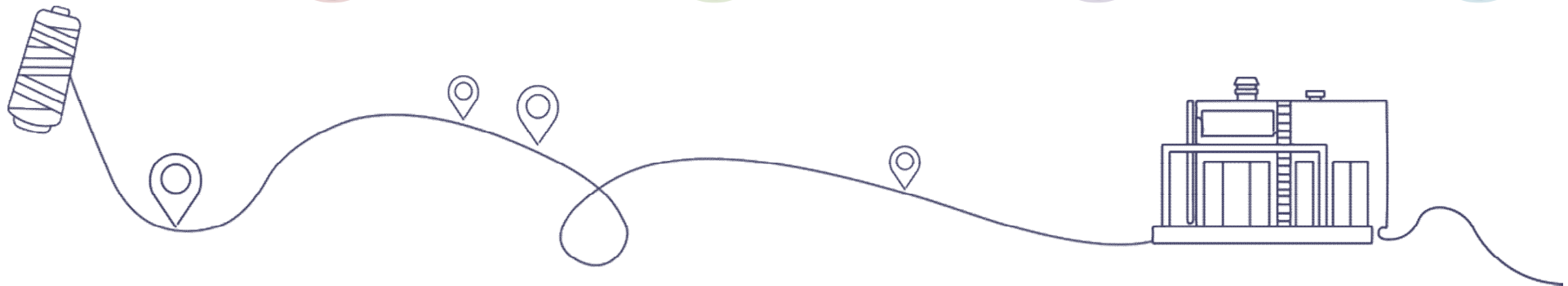
- Opportunities into Forward Integration
- Opportunities in new Speciality Yarns

Exploring New Segments



- Strong Balance Sheet
- Generate better Return Ratio's

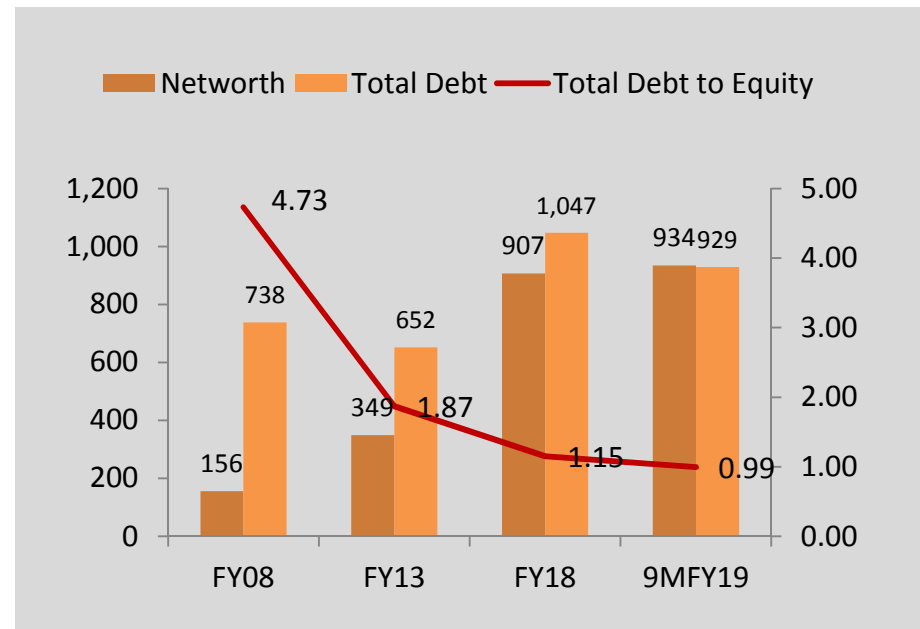
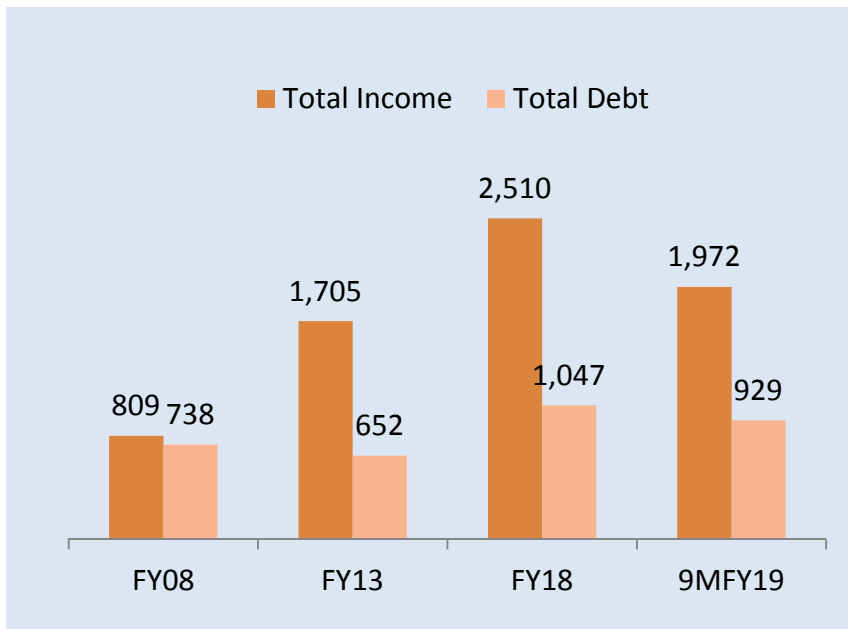
Inorganic Growth opportunity





Annexure - Financials

Always Focused on Disciplined Growth

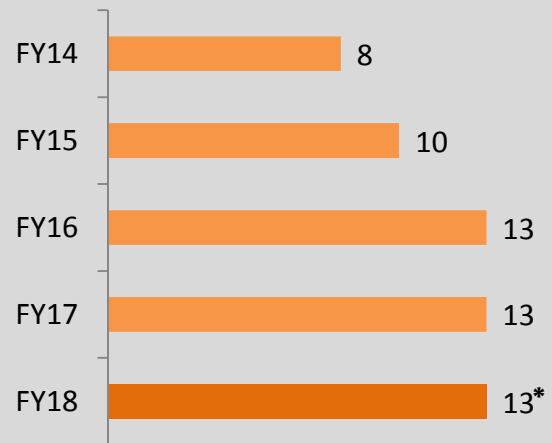


Growth financed from Re-investment of Profit

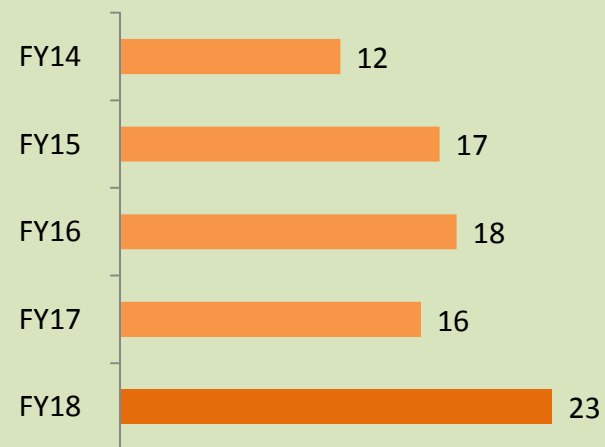


Enhancing value for Stakeholders

Dividend Per Share (Rs)



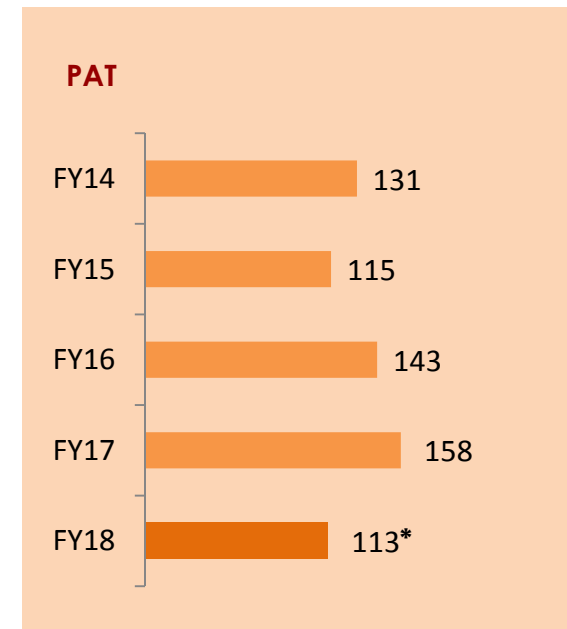
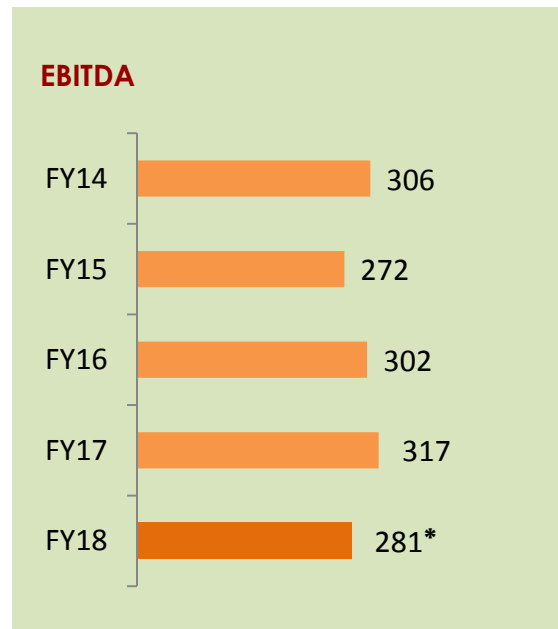
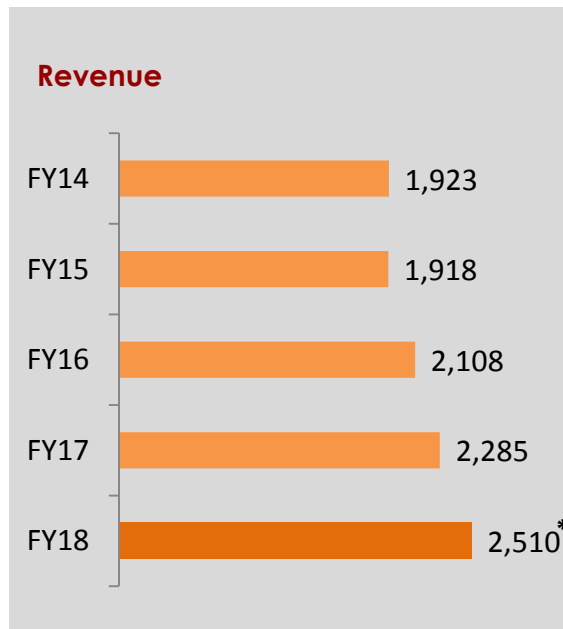
Dividend Payout (%)



* Dividend declared Rs.1.30 on FV of Rs.1 per share post split.

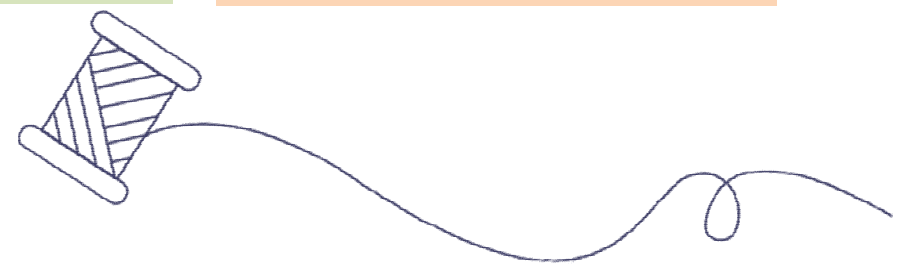
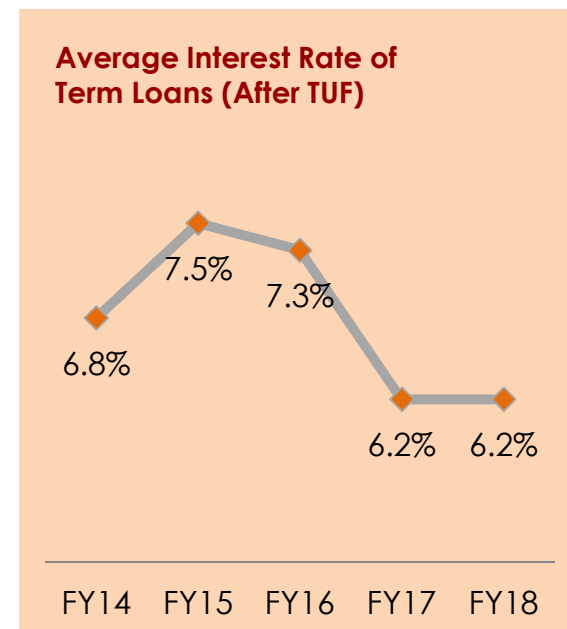
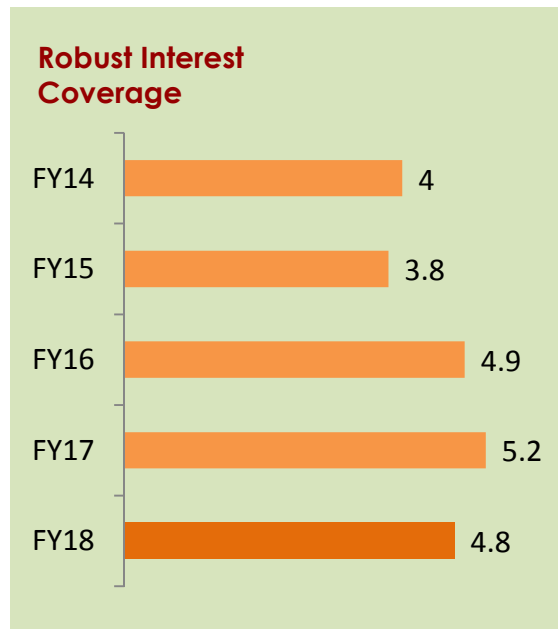
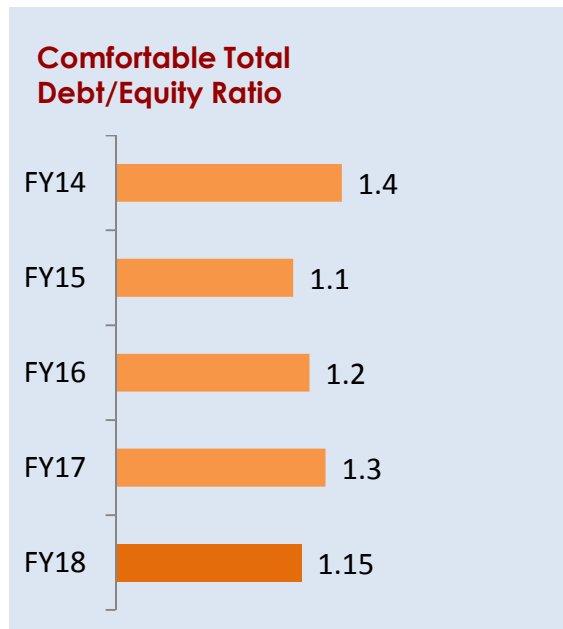
Depiction is for visual and comparative purpose only

Performance Highlights

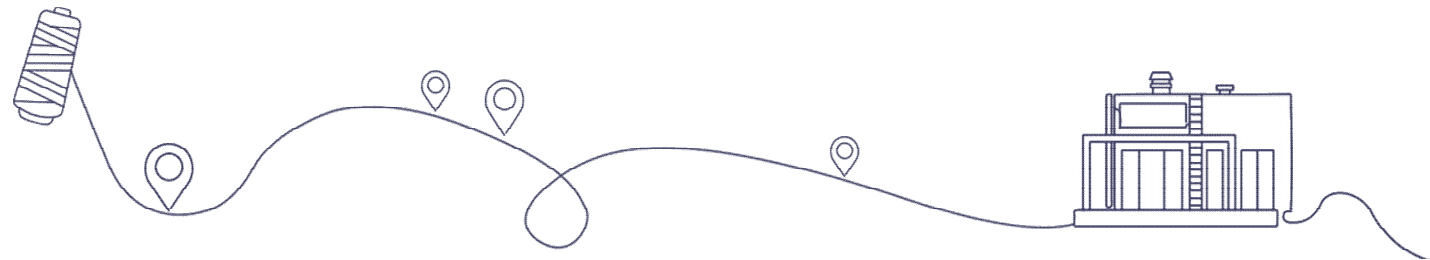
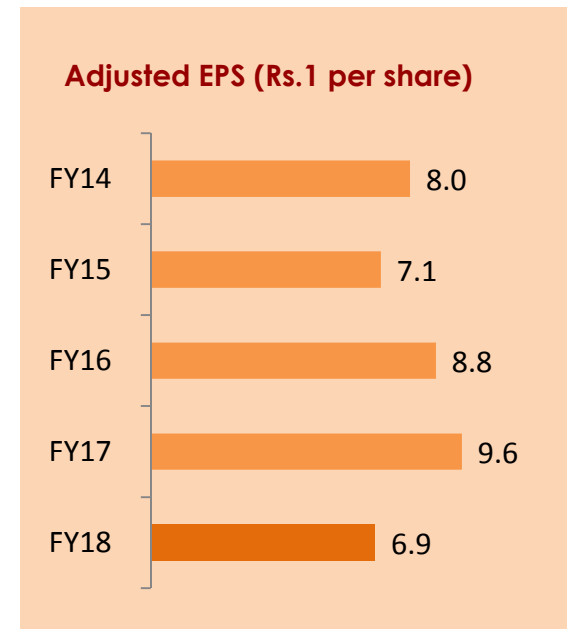
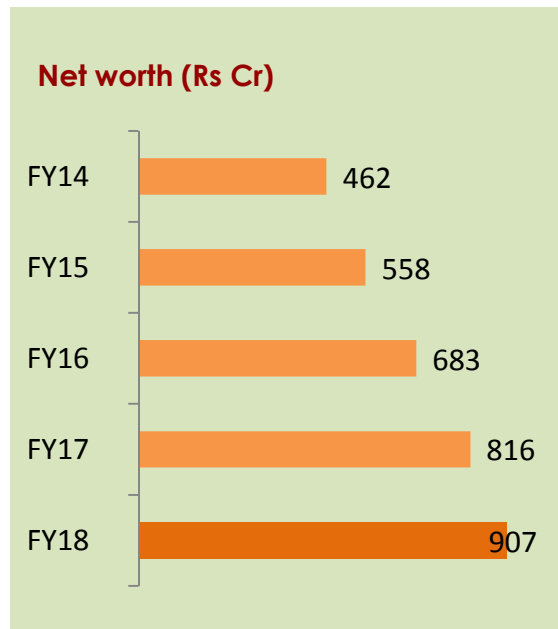
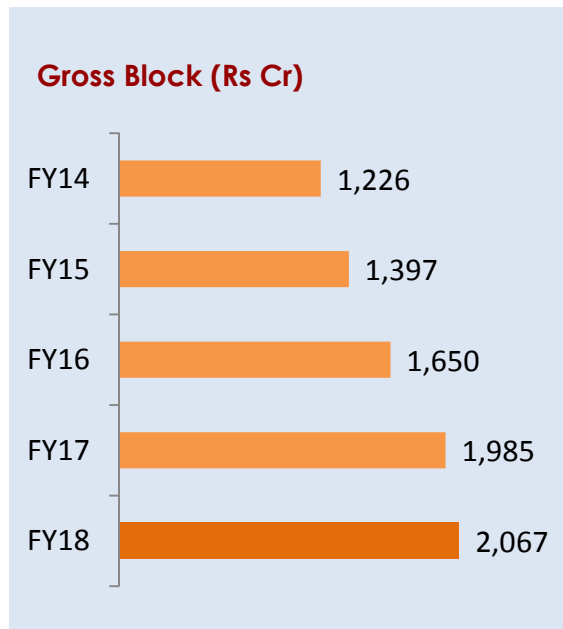


***The Company acquired American Silk Mills, LLC on 6th Nov 17 and hence
FY2017-18 is first year of consolidation**

Balance sheet Ratios



Balance sheet



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

THANK YOU!

Let's Connect



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