

Press Release

Q1 FY 2016 Results **Revenue stood at Rs. 463.31 crore** **EBITDA stood at Rs. 68.75 crore** **PAT stood at Rs. 29.78 crore**

Mumbai, July 30, 2015: Sutlej Textiles and Industries Ltd (STIL), a leading manufacturer of value added dyed yarns (synthetic & cotton mélange) and home textiles, has announced its results for the quarter ended 30th June 2015.

Particulars	Q1 FY16 (Rs in Crs)	Q1 FY15 (Rs in Crs)	% change wrt Q1 FY15
Revenue	463.31	492.06	(5.84)
EBITDA	68.75	68.89	(0.20)
<i>EBITDA Margin (%)</i>	14.84	14.00	+84 bps
PBDT	55.42	55.41	--
<i>PBDT Margin (%)</i>	11.96	11.26	+70 bps
PAT	29.78	35.74	(16.68)
<i>PAT margin (%)</i>	6.43	7.26	(83 bps)

Commenting on the results, Mr. C.S. Nopany, Executive Chairman, Sutlej Textiles and Industries Ltd said *“Our performance during the quarter is reflective of the challenging business environment currently prevailing in the sector. Multiple headwinds led to a lag in revenue momentum however, improved contribution from higher margin products resulted in sustaining operating profitability.*

The newer capacities for producing Value added Cotton Mélange and Cotton Blended Dyed Yarn added last year have started functioning at optimal levels. Further, I would also like to share that work on expanding our capacities at Bhawani Mandi, Rajasthan facility has commenced and acquisition of BTM is progressing as per schedule.

While the environment remains challenging at present, we are hopeful that our efforts towards strengthening scale and operations should help us deliver consistent performance going forward.”

Key Developments

Achieved higher output of high margin Value Added Cotton Mélange and Cotton Blended Dyed Yarn

- Successfully achieved higher utilization level from recently added capacities - added 31,104 spindles of Value Added Cotton Mélange and Cotton Blended Dyed Yarn from unit - Chenab Textile Mills, Kathua (J&K) w.e.f. 1st November 2014
- Higher output of value added products will strengthen the Company's margins and profitability going forward

Update on Acquisition of Birla Textile Mills (BTM)

- Signed Business Purchase Agreement with Chambal Fertilisers and Chemicals Ltd., for purchase of Birla Textile Mills as a going concern, on slump sale basis
- The transaction has been approved by the Competition Commission of India ("CCI")
- Expect the transaction to be concluded by September 30, 2015 on receiving statutory and approvals
- BTM, with a capacity of 83,376 spindles manufactures cotton, synthetic & blended yarn in Grey & dyed form
- STIL's total spinning capacities to reach 3,77,112 spindles post-acquisition

Brownfield project - capacity expansion of Value Added Products

- Commenced work on the project – installing 35,280 spindles at its Bhawani Mandi, 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

Home Textiles Division expansion on track – commences Trial run

- Expanding operations in Home Textiles division at one of the Company's units viz, Damanganga Home Textiles, Daheli, Bhilad, Gujarat. Post completion, the capacity in its existing facility will increase to 9.6 million metres p.a. from earlier 2.5 million metres p.a.
- Total project cost - 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

Modernization Update

- Invested around Rs. 17 crore during Q1 FY16, 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. 79 crore during the year towards the same

Board approval to raise Capital

- The Board of Directors have considered and approved the issuance of securities for an amount not exceeding Rs. 125 Crore

Credit rating upgrade

- **CARE upgrades Long/Short Term (Term Loan and Bank Facilities) rating to CARE AA-**
 - **CARE AA** - (Double A Minus) for Long Term Bank facilities (Term Loan) from CARE A + (Single A Plus) 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 (Non Fund based) Reaffirmed
 - **CARE AA** - (Double A Minus) / **CARE A1+** (A One Plus) for Long /Short term based facilities (Fund based) from CARE A+ / CARE A1+ (Single A Plus / A One Plus)
 - **CARE A1+** for Commercial Paper of Rs. 300 crore from earlier Rs. 150 crore

- **India –Ratings (FITCH Group) upgrades Sutlej**
 - **Long-Term** from 'IND A+' **Outlook Stable**
 - INR 5,061.4mn term loans (reduced from INR 5,234.8mn): Upgraded to Long-Term from 'IND A+' signifying high degree of safety regarding timely servicing of financial obligations. Such facilities carry very low credit risk
 - INR 5,000 mn (increased from INR 4,750mn) fund-based working capital limits: Upgraded to Long-Term from 'IND A+'
 - INR 450 mn (reduced from INR 600mn) non-fund-based working capital limits: Upgraded to Short-Term '1' from 'IND A1'
 - INR 3,410.9 mn Proposed Term Loans: assigned 'Provisional **IND AA-**

About Sutlej Textiles and Industries Ltd (STIL)

CIN: L17124RJ2005PLC020927

Sutlej Textiles and Industries Ltd (STIL), 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, Tencel 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.

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.

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