

STIL/

November 08, 2016

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

Please find enclosed herewith a copy of the Presentation with respect to the Unaudited Financial Results for the quarter and half year ended 30<sup>th</sup> September, 2016.

Thanking you,

Yours faithfully,  
For Sutlej Textiles and Industries Limited



(D.R. PRABHU)  
COMPANY SECRETARY & COMPLIANCE OFFICER



Encl:a.a.



**sutlej**  
textiles and industries limited

Result Presentation  
Q2 & H1 FY17



*Certain statements in this document may be forward-looking statements which are based on some assumptions and expectations of future events. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, domestic or international economic developments, and many other factors that could cause the actual results to differ materially from those contemplated by the relevant forward-looking statements.*

*Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other risk factors, viewers of this presentation are cautioned not to place undue reliance on these forward looking statements. Sutlej Textiles and Industries Ltd will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update, amend, modify or revise these forward-looking statements to reflect subsequent events or developments.*

# Agenda

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**Q2 & H1 FY17 - Key Financial Highlights**

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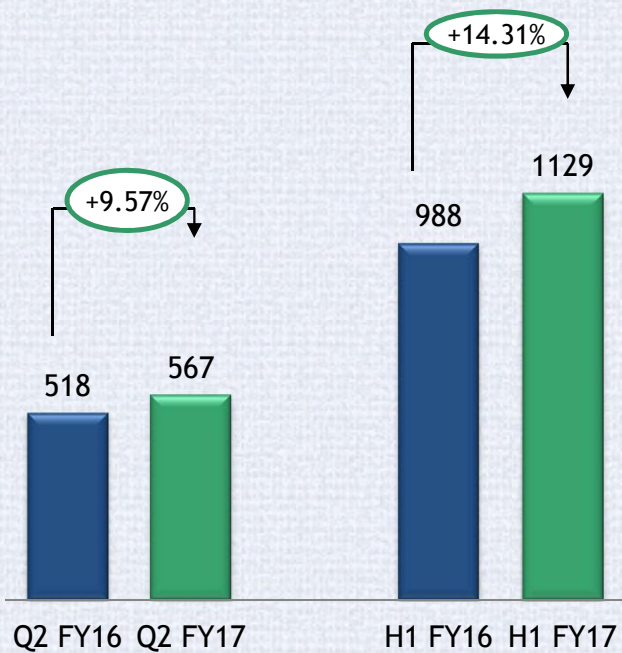
**Business Outlook**



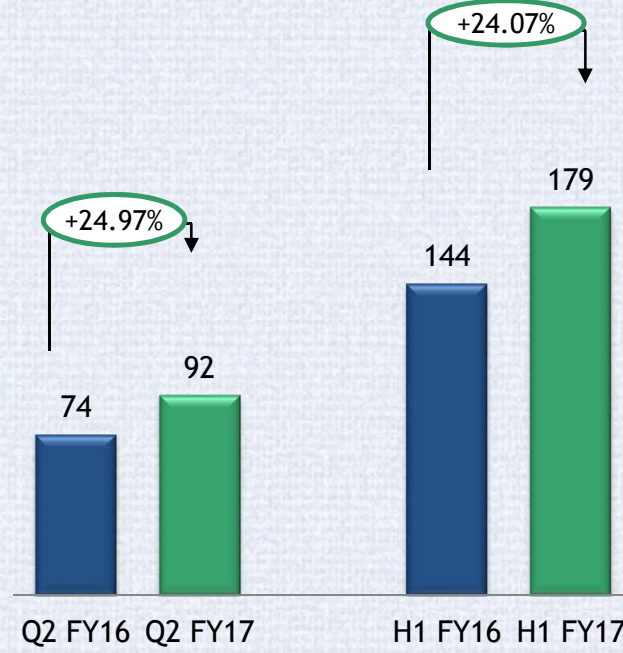
## Q2 & H1 FY17 – Key Financial Highlights

# Q2 & H1 FY17 – Financial Performance

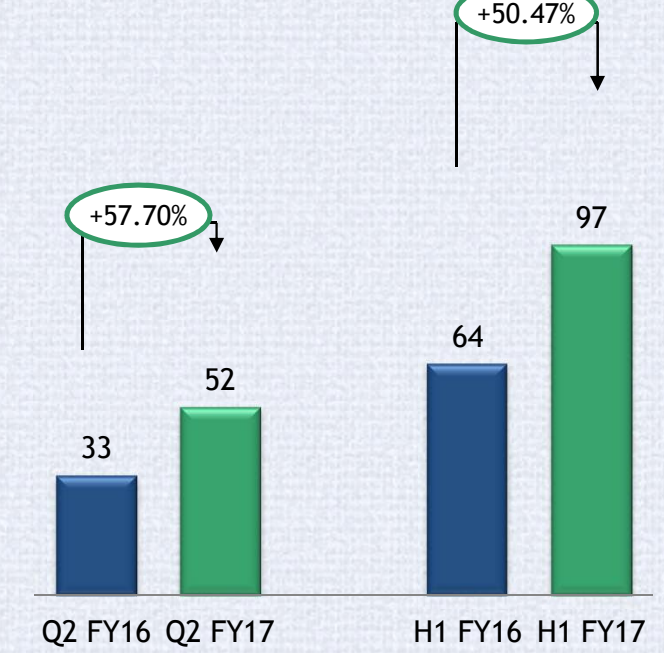
## Total Income (Rs Cr)



## EBITDA (Rs Cr)



## PAT (Rs Cr)



Improved performance due to operational efficiency, prudent raw material purchasing policy and changing product mix

# Profitability Highlights

Rs. In Cr	Q2 FY17	Q2 FY16#	YoY %	H1 FY17	H1 FY16#	YoY %
<b>Total income</b>	<b>567</b>	<b>518</b>	<b>9.57%</b>	<b>1,129</b>	<b>988</b>	<b>14.31%</b>
Raw Material Cost	304	303		611	572	
Employee Cost	66	51		129	98	
Other Expenses	105	90		210	174	
<b>EBITDA</b>	<b>92</b>	<b>74</b>	<b>24.97%</b>	<b>179</b>	<b>144</b>	<b>24.07%</b>
Depreciation	20	19		42	37	
Finance Cost	10	11		23	23	
<b>Profit Before Tax &amp; Exceptional items</b>	<b>62</b>	<b>44</b>		<b>114</b>	<b>84</b>	
Exceptional Items	-	-		-	-	
Tax	10	11		17	20	
<b>Profit After Tax</b>	<b>52</b>	<b>33</b>	<b>57.70%</b>	<b>97</b>	<b>64</b>	<b>50.47%</b>
<b>Earnings Per Share (Rs)</b>	<b>31.68</b>	<b>20.09</b>		<b>59.20</b>	<b>39.35</b>	

# The financial results are exclusive of financial results of Birla Textile Mills as per Ind As.

# Balance Sheet Highlights

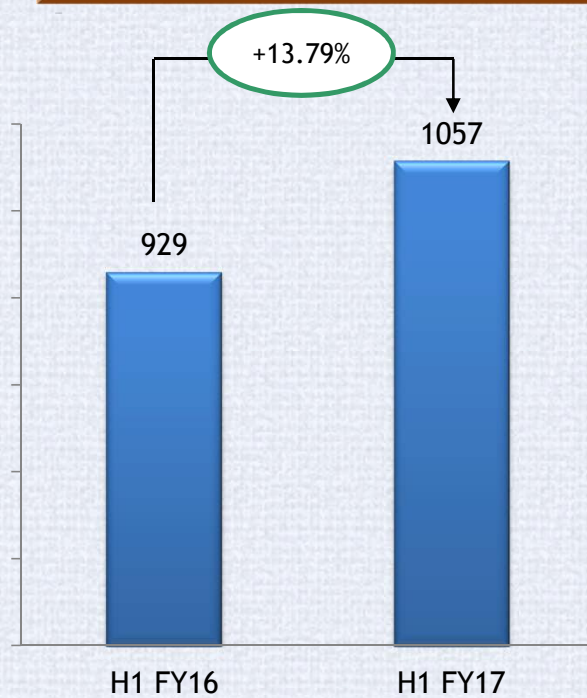
Rs. in Cr	Sep - 16	Mar - 16
<b>Non-current assets</b>	<b>1,111</b>	<b>947</b>
Fixed assets	1,055	884
Investments	27	26
Other Non Current assets	29	37
<b>Current assets</b>	<b>743</b>	<b>735</b>
Inventories	397	430
Trade receivables	217	211
Cash and bank balances	3	4
Other current assets	126	90
<b>Total Assets</b>	<b>1,854</b>	<b>1,682</b>

Rs. in Cr	Sep - 16	Mar - 16
<b>Shareholder's Fund</b>	<b>757</b>	<b>687</b>
Share capital	16	16
Reserves & Surplus	741	671
<b>Deferred Govt. Subsidies</b>	<b>3</b>	<b>2</b>
<b>Non-current liabilities</b>	<b>520</b>	<b>453</b>
Long term borrowings	501	427
Other non-current liabilities	19	26
<b>Current liabilities</b>	<b>574</b>	<b>540</b>
Short term borrowings	298	283
Other current liabilities	276	257
<b>Total Liabilities</b>	<b>1,854</b>	<b>1,682</b>

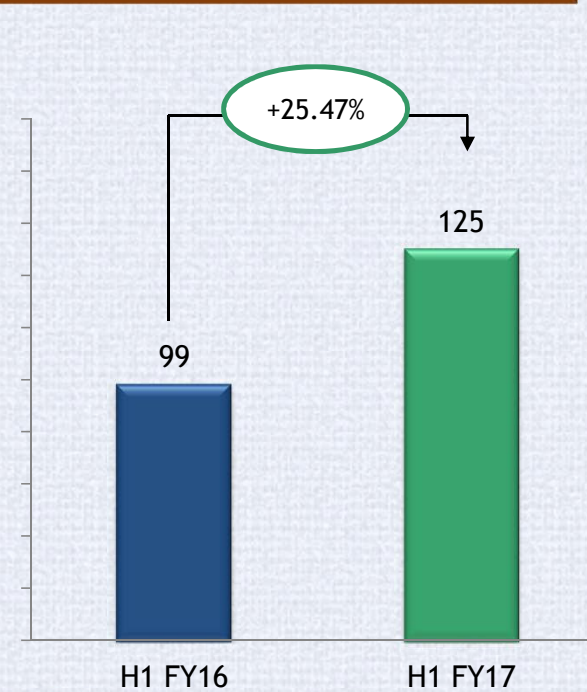


# Yarn segment registering growth

Revenue (Rs Cr)



EBIT (Rs Cr)



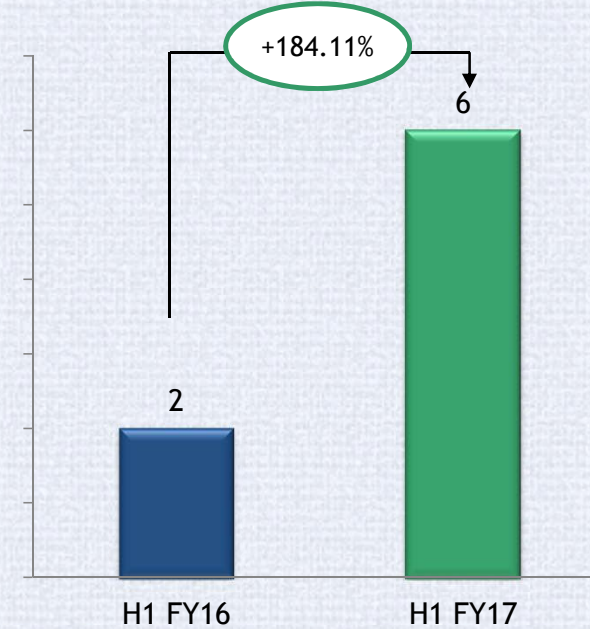
Increasing share of value added products increasing revenues and profitability

# Home Textile segment growing gradually

Revenue (Rs Cr)



EBIT (Rs Cr)



Focusing on growth in Home Textile segment...

## Comments of Executive Chairman Mr. C. S. Nopany on the results

*The Second Quarter of the year continued to witness challenges due to global slowdown and stressed rural economy. Sutlej was able to offset these strong headwinds by its prudent raw material purchasing policy in a volatile cotton fiber market by maintaining sufficient cotton inventory at lower prices.*

*With normal monsoon, implementation of 7th pay commission, one rank one pension and other Government initiatives, we are optimistic about the future. I hope with ongoing expansion projects to scale up the production of value added yarns and Home Textiles the Company will be able to deliver better performance in coming years.*





## **Q2 & H1 FY17 – Key Business Update**

# Key Business Update and Growth Drivers

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

- ❑ Work on the expansion project for adding 35,280 spindles at Bhawanimandi, Rajasthan facility at a project cost of Rs.270 crores is progressing satisfactorily.
- ❑ At present, Trial run is going on 33,840 spindles. The project is likely to commence commercial production in Q4 FY 2017 as per the schedule.
- ❑ 17 no. Circular Knitting Machines will also be installed by June 2017.
- ❑ Project is being 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.

## Home Textiles Division expansion on track

- ❑ Expansion project to increase installed capacity to 9.6 million metres p.a. is progressing as per schedule and likely to complete by Q4 FY 2017.
- ❑ Out of 54 looms to be installed, the Company has installed 36 looms and has placed order for 18 looms. The present installed capacity has reached to 8.4 million metres p.a.
- ❑ Total project cost of Rs. 88.5 crore is being funded by mix of internal accruals and term loans sanctioned under TUFS.
- ❑ Increased presence in Home Textile segment will result in further strengthening of Company's end to end operations - Yarn to Home Textile

### Modernisation Update

- ❑ Invested around Rs.38 crore during H1 FY 2017, towards technology up-gradation and debottlenecking, etc. This will result in further improvement of efficiency and sustaining plant utilization.
- ❑ Intends to deploy further amount of ~Rs.46 crore during the year towards technology up-gradation and debottlenecking, etc.

### Credit Rating upgrades during the Year

- ❑ CARE upgrades STIL rating to CARE AA (Double A) for Long Term Bank Facilities (Term Loan) and for Long Term Bank facilities (Fund based) from CARE AA- (Double A minus) 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



# Corporate Overview

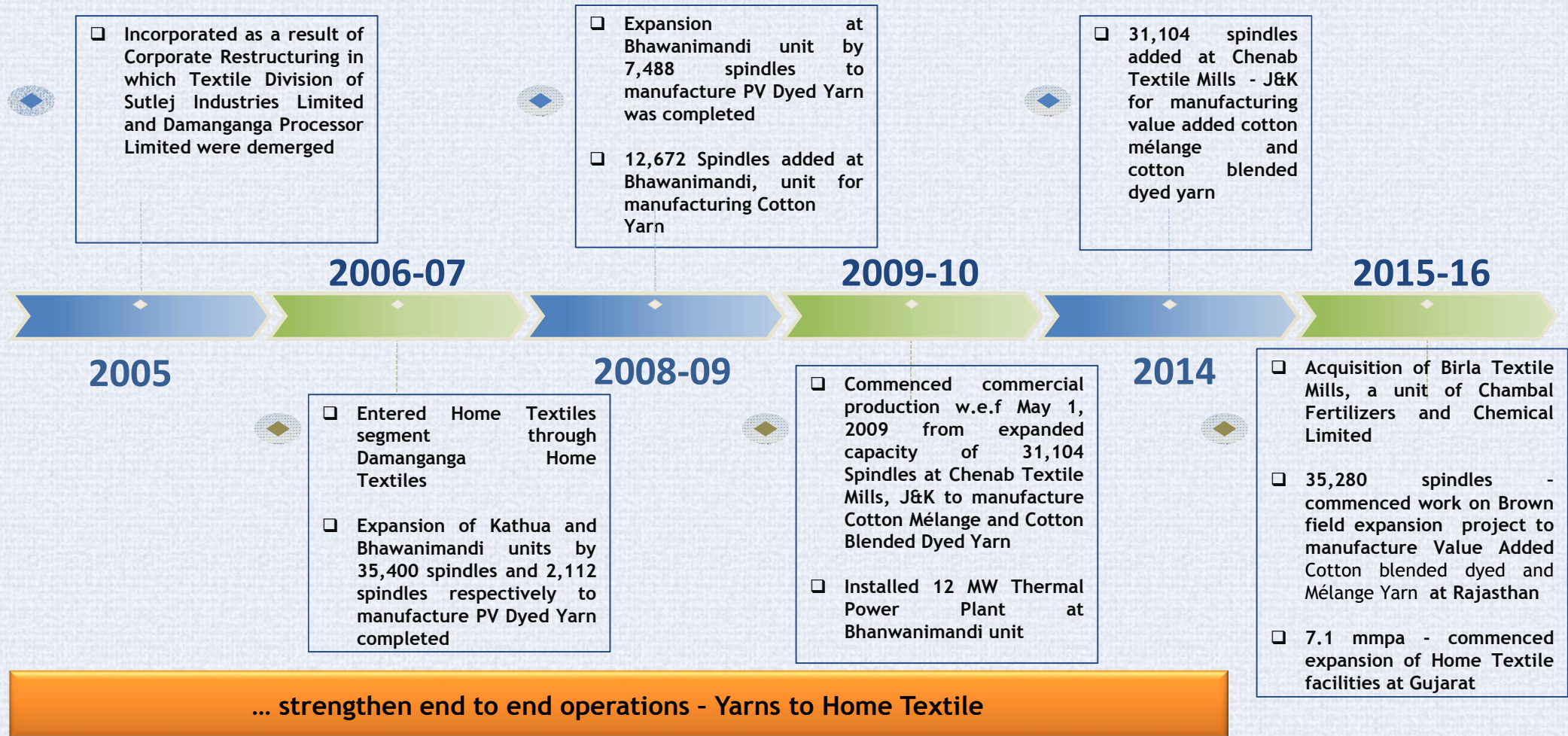
# Company Overview

- ❑ **India's largest Spun-dyed Yarn manufacturer and leading textile player with presence across value chain - from Yarn to Home Textile**
  - Increasing capacity of high margin Value-Added Products - Cotton blended dyed and Mélange Yarn
- ❑ **State-of-the-art manufacturing facilities located at Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat**
  - 378,456 spindles capacity of Yarn
  - 8.4 Million Meters Per Annum capacity of Home Textiles
- ❑ **Global footprint with presence spans over 55 countries across Europe, North America, South-East Asia, etc.**
- ❑ **Fortifying and enduring relationship with marquee clients like Page Industries, Siyaram's, Donear, Shivalik Print, Arrow, Grasim, etc.**
- ❑ **A publicly-held company with its shares traded on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).**
- ❑ **Strong Credit Ratings:**
  - CARE upgrades STIL rating to **CARE AA** for Long Term Bank Facilities (Term Loan/Fund based limits) from CARE AA-
  - CARE reaffirmed STIL rating at **CARE A1+** for short term bank facilities (Fund and non-fund based) and Commercial Paper





# Journey from spun dyed yarn manufacturer to ...



## 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
Dr. Mahmoodur Rahman	Independent Non Exec Director
Mr. Sukhvir Singh	Non Exec Additional Director

## Key Executives

Mr. S.K. Khandelia	President & CEO
Mr. Bipeen Valame	Chief Financial Officer
Mr. D.R. Prabhu	Company Secretary



# State of the art manufacturing facilities ...



**Chenab Textile Mills**



**Rajasthan Textile Mills**



**Birla Textile Mills**



**Damanganga Home Textile**

<b>Location</b>	<b>Kathua, Jammu &amp; Kashmir</b>	<b>Bhawanimandi, Rajasthan</b>	<b>Baddi, Himachal Pradesh</b>	<b>Daheli, Gujarat</b>
<b>Products</b>	<input type="checkbox"/> Cotton Mélange Yarns <input type="checkbox"/> Man-made Fibre Yarns	<input type="checkbox"/> Cotton Yarns <input type="checkbox"/> Man-made Fibre Yarns	<input type="checkbox"/> Cotton Yarns <input type="checkbox"/> Man-made Fibre Yarns	<input type="checkbox"/> Home textiles furnishings
<b>Present Capacity</b>	106,752 Spindles for Cotton Mélange Yarns; 97,320 Spindles for Man-made Fibre Yarns	91,008 Spindles	83,376 Spindles	8.4 million metres per annum

... Strategically located near the marketing centers

# Wide distribution network and marquee clientele

Presence and strong brand image across globe in over 55 countries...



Expanded global foot print ...

...De-risk over dependence on few geography

Evolved as vendor to...



SHIVALIK PRINTS LTD.



GRASIM



Page Industries



...partner to leading textile solution providers

## Diverse and wide product portfolio

- ❑ One stop shop for all kinds of spun dyed yarns
- ❑ Focus on value added yarns that fetched superior realisations like Cotton Mélange Yarn, Dyed Synthetic Yarn
- ❑ Diversified offerings with presence across value chain with - Yarns & Home Textile

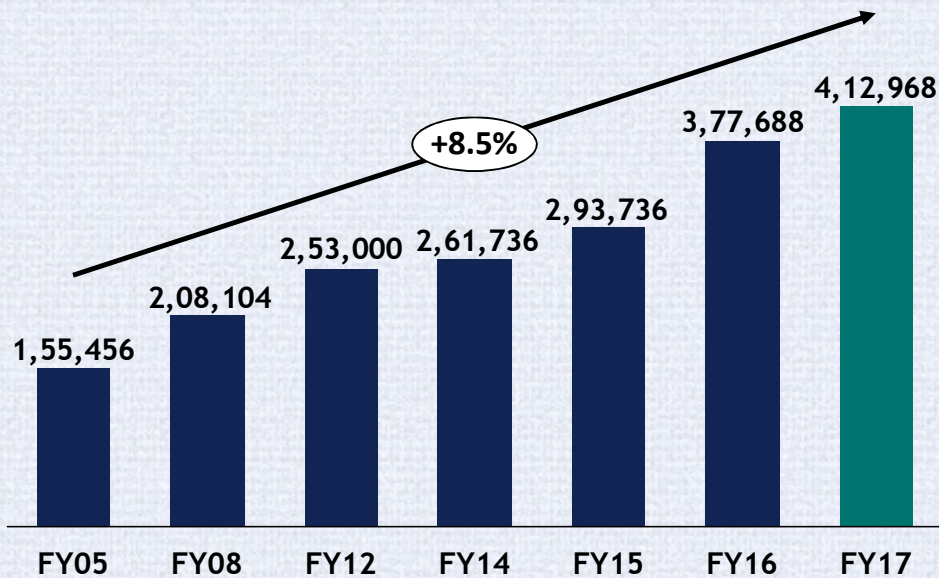




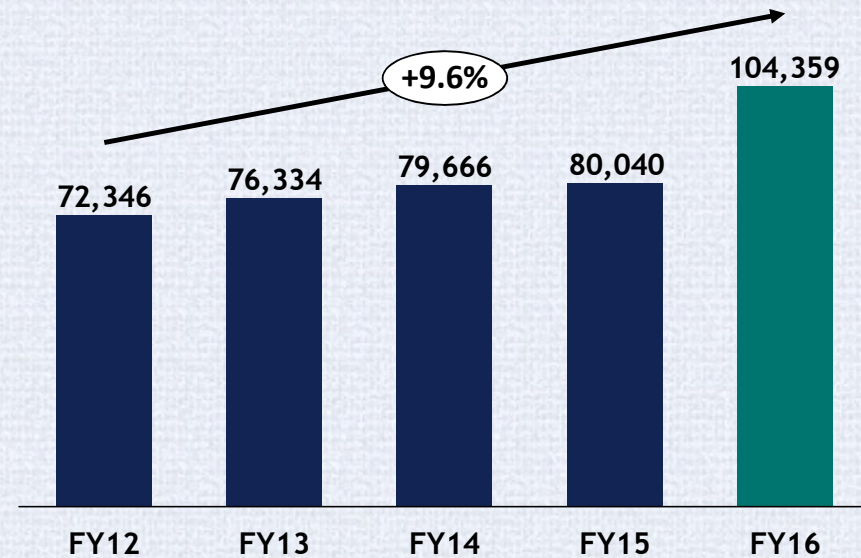
## Segment Presence – Yarn & Home Textiles

## Yarn - Consistent capacity addition over the years

### Spindles capacity



### Sales (MT)

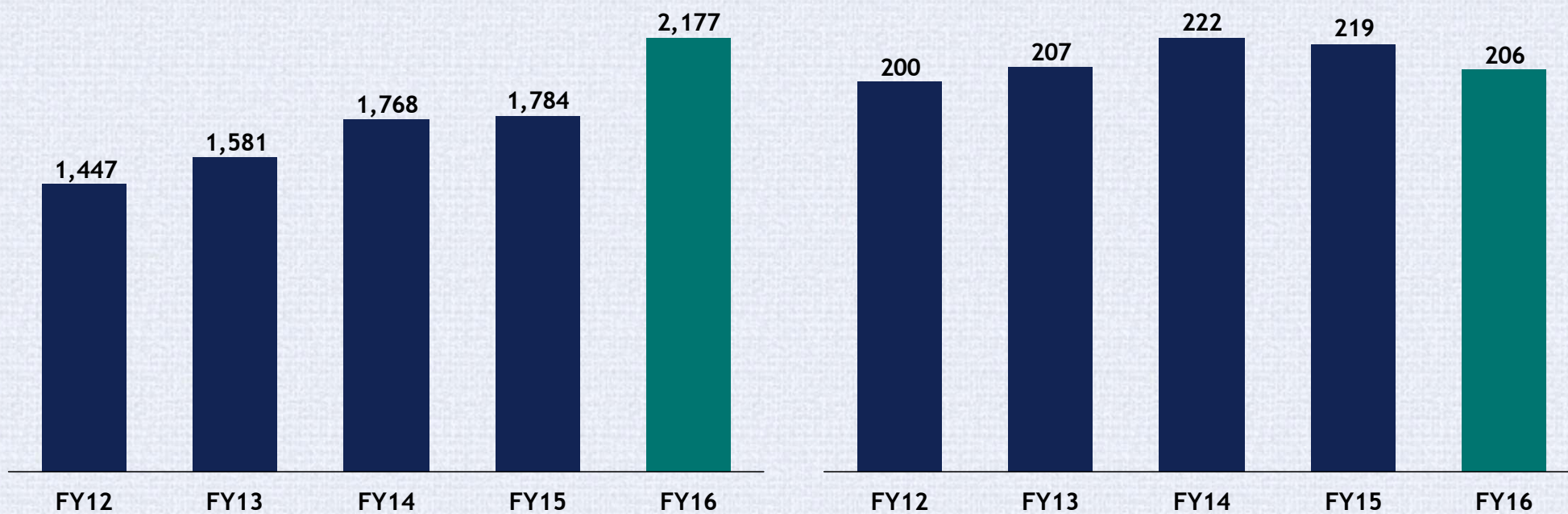


- ❑ Invested in modernization - 54% of spindle age are less than a decade old
- ❑ Increasing share of Value-added product portfolio of Cotton Mélange Yarn and Dyed Synthetic Yarn
- ❑ Larger Scale of Production leading to optimum utilization of resources

## Registering strong growth in Yarn segment...

Revenue (Rs. Cr)

Average Sales Realisation (Rs / Kg)

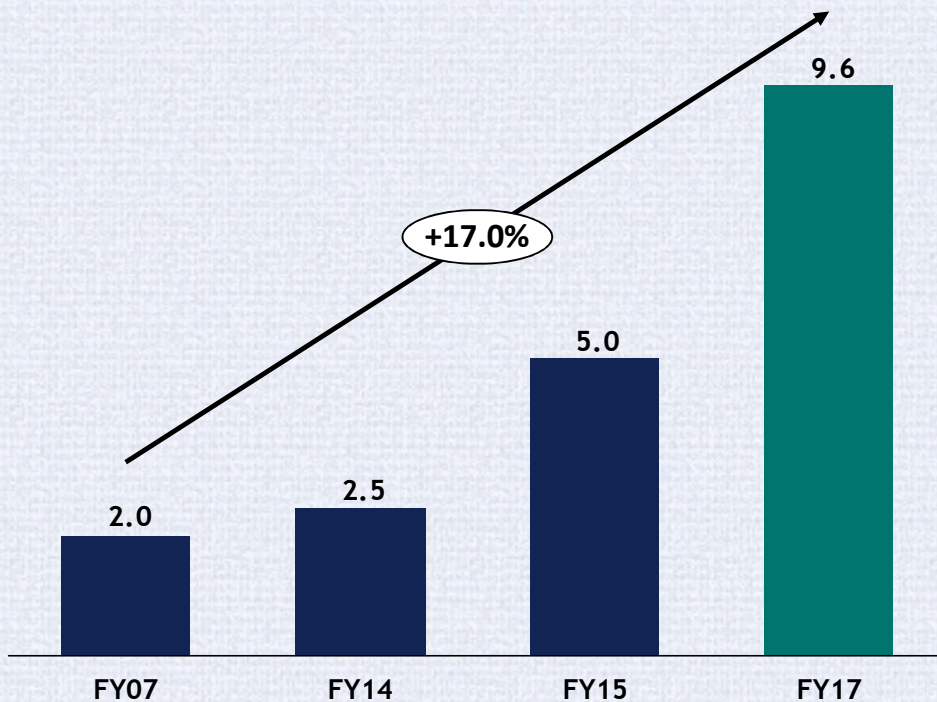


... through multiple capacity expansions as well as profitable acquisitions



# Home Textiles – Entering Growth Orbit

Capacity (Million Meters Per Annum)



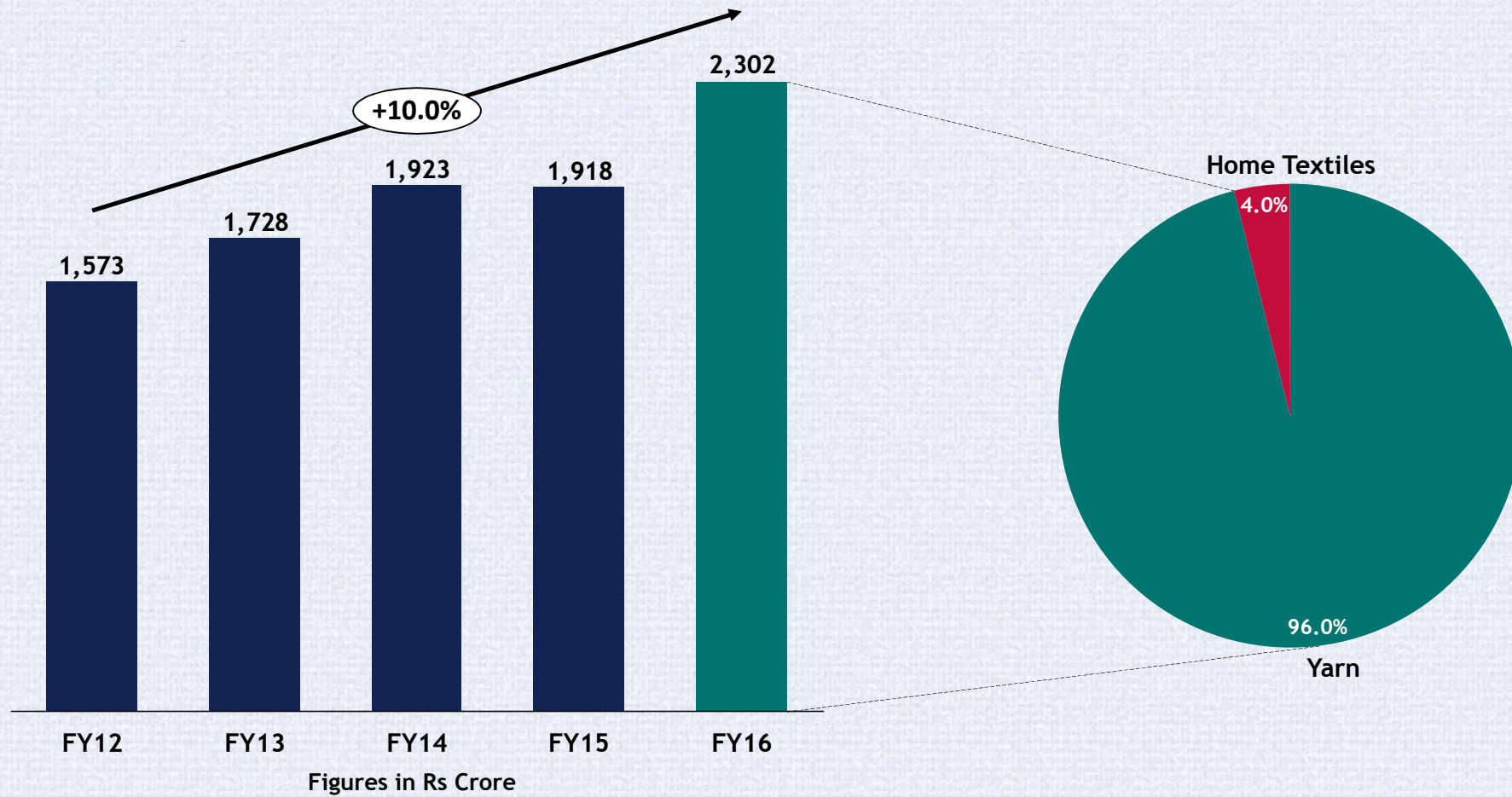
- ❑ Entered the Home Textiles segment in 2006-07
- ❑ Capacity to expand by 4.6 mmpa to 9.6 mmpa by FY17
- ❑ Continued focus on driving category premiumisation
- ❑ Product range includes
  - Furnishing Fabrics
  - Curtain Fabrics
  - Upholstery Fabrics
- ❑ Current Capacity utilisation over 80%
- ❑ Growing into a sizeable & profitable business
- ❑ Contributes ~5% to the overall revenues to Company

Bring economy of scale and strengthen Company's end to end operations



## Annual Financial Performance

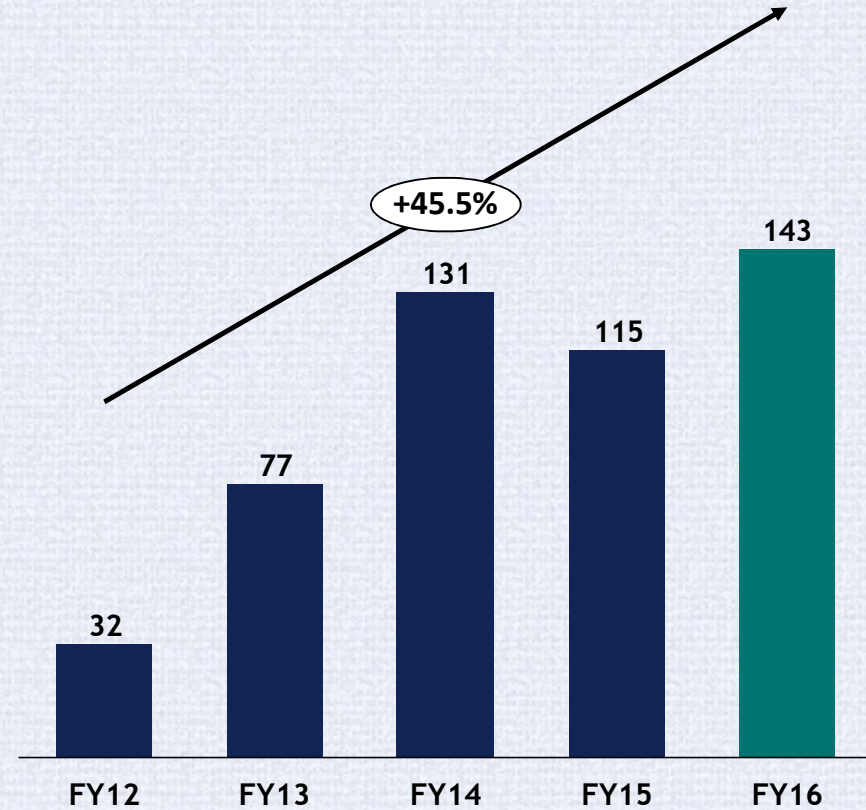
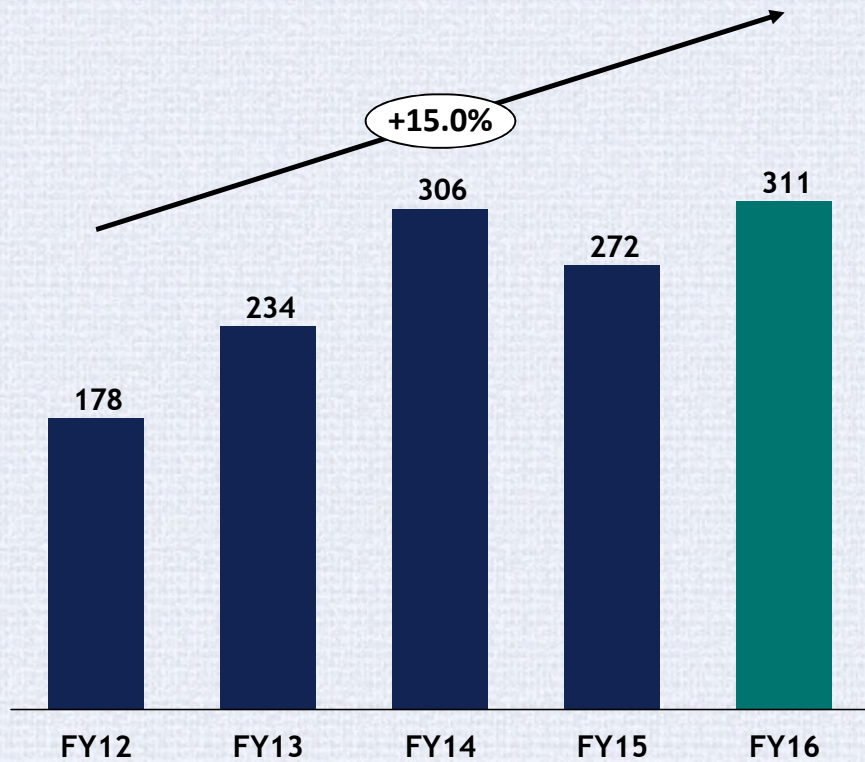
## Total Income at new peak ...



# ... Highest ever profitability

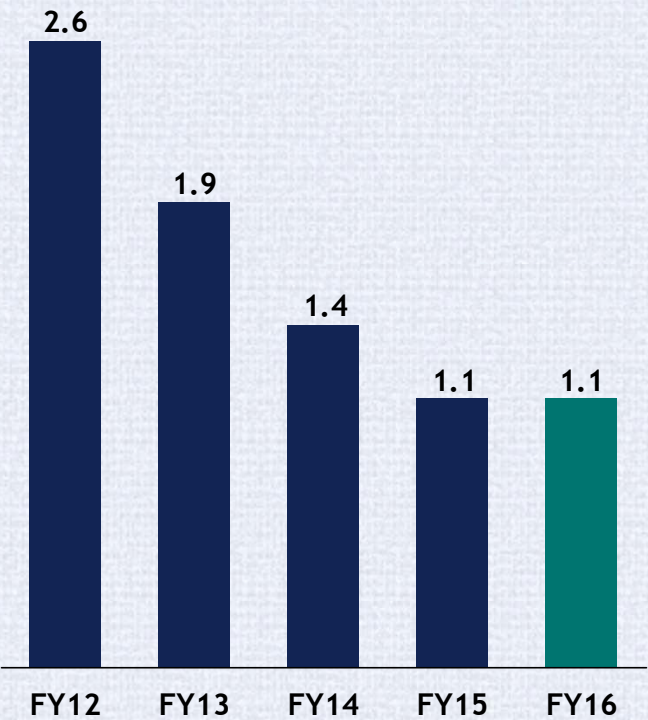
EBITDA (Rs Cr)

Net Profit (Rs Cr)

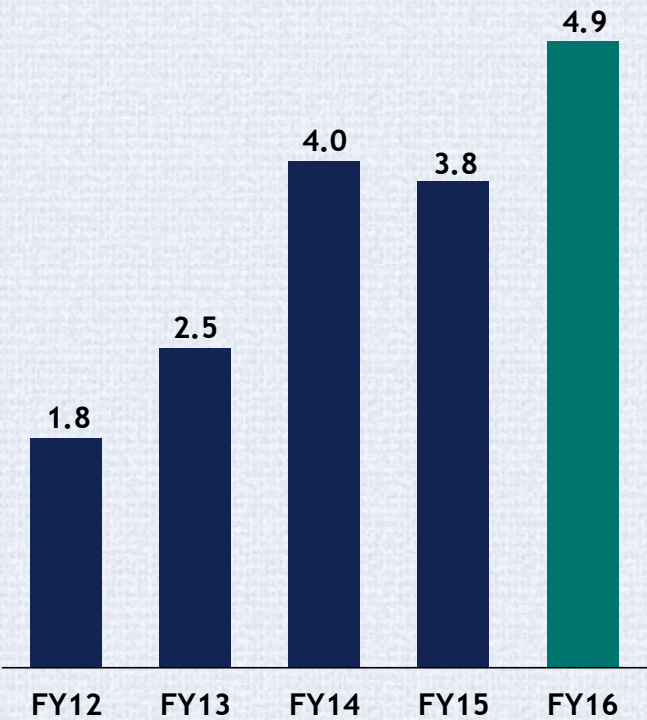


# ... and strong leverage position

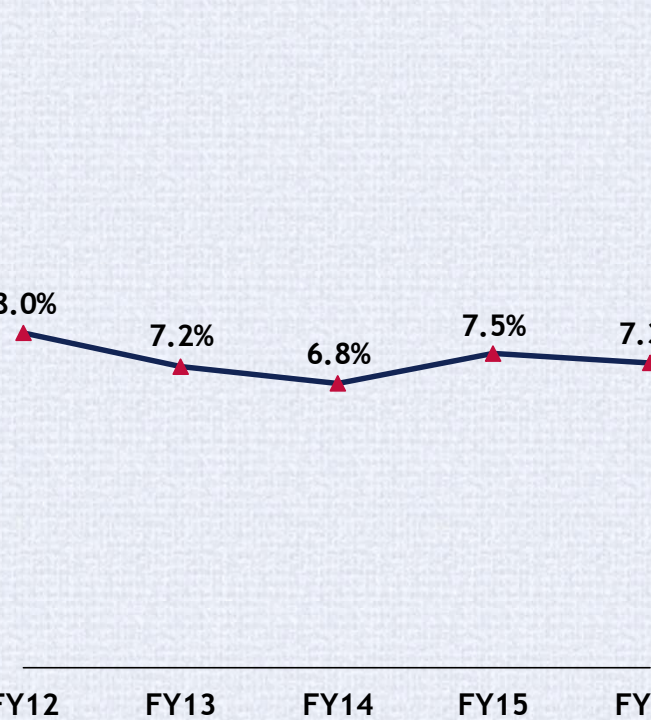
Improving Total Debt / Equity Ratio



Robust Interest Coverage



Average Interest Rate of Term Loans (After TUF)

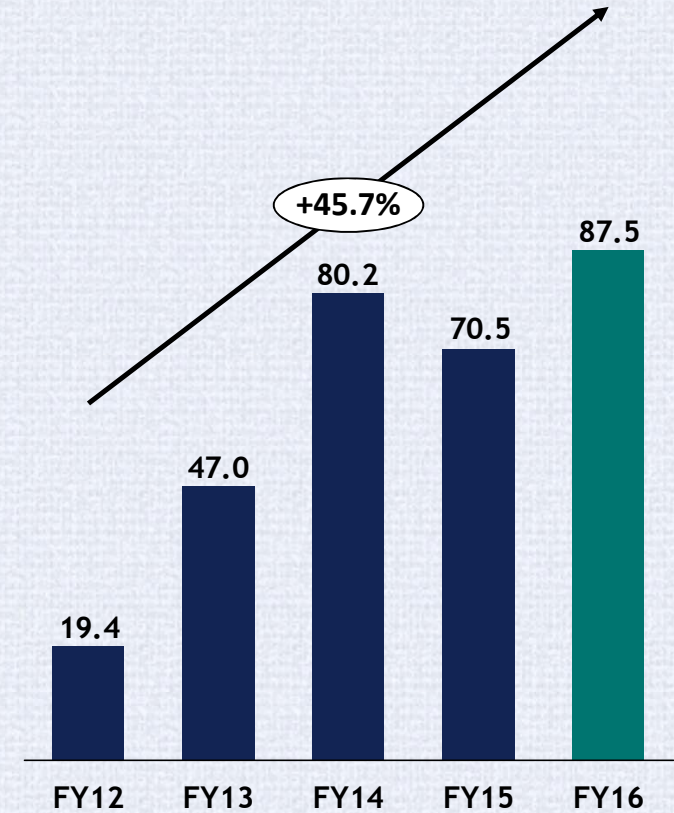
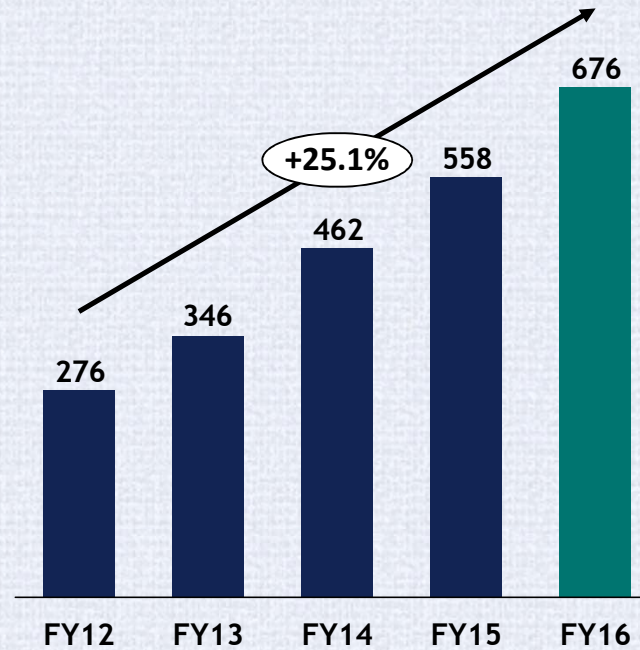
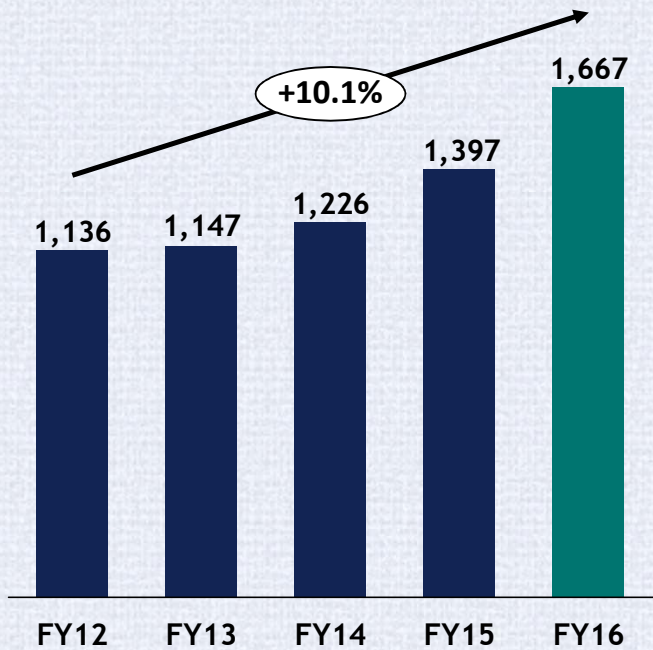


# Strong Balance Sheet...

Growing Gross Block (Rs Cr)

Increasing Network (Rs Cr)

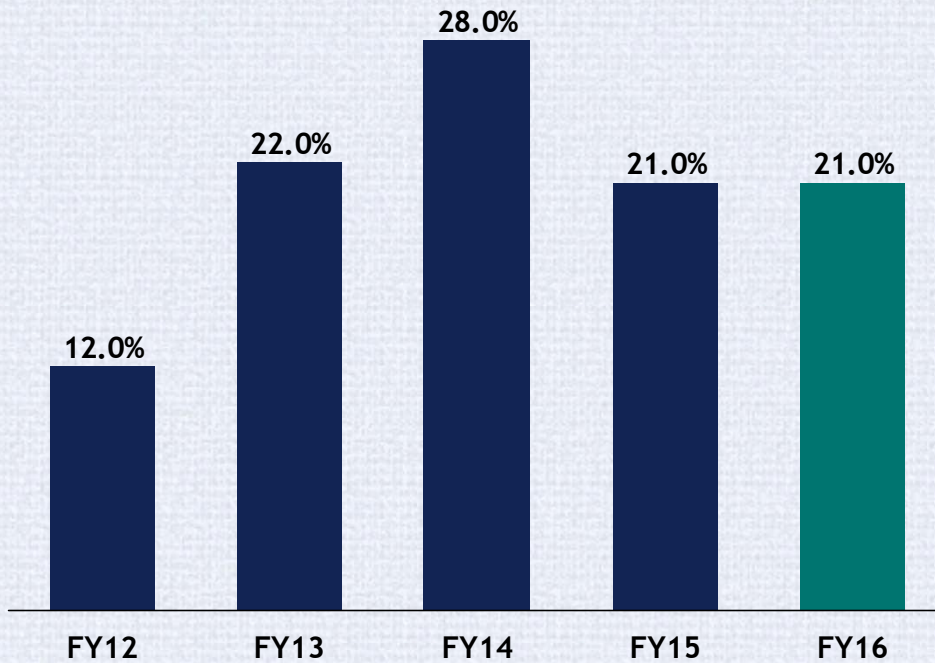
Surging Earning Per Share (Rs)



Continuous growth plan leading to consistent profitability

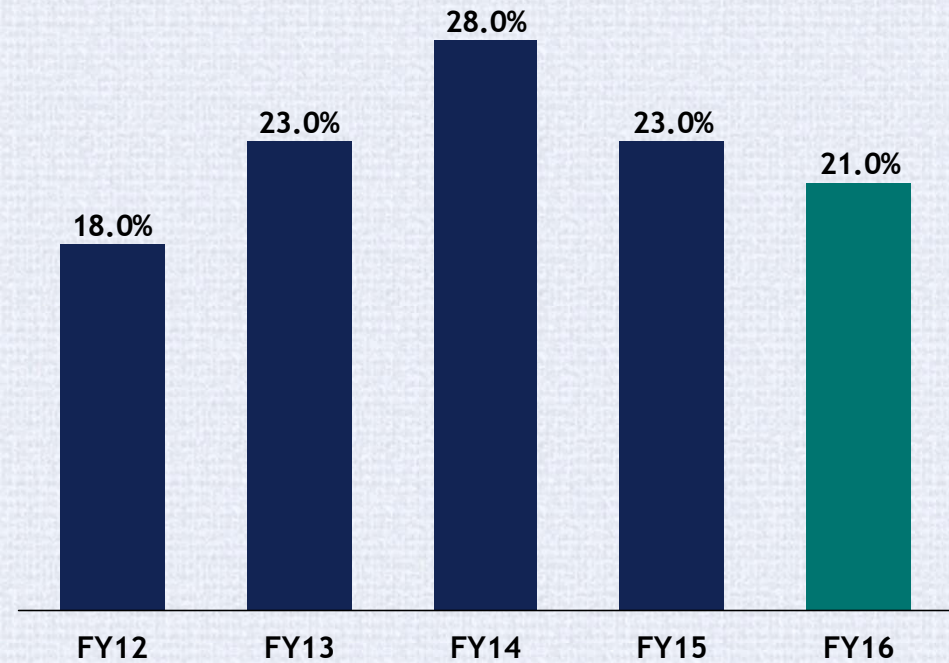
...with healthier return ratios in the industry

Strong Return on Equity (RoE)



RoE = Profit After Tax /Networth

Consistent Return on Capital Employed (RoCE)

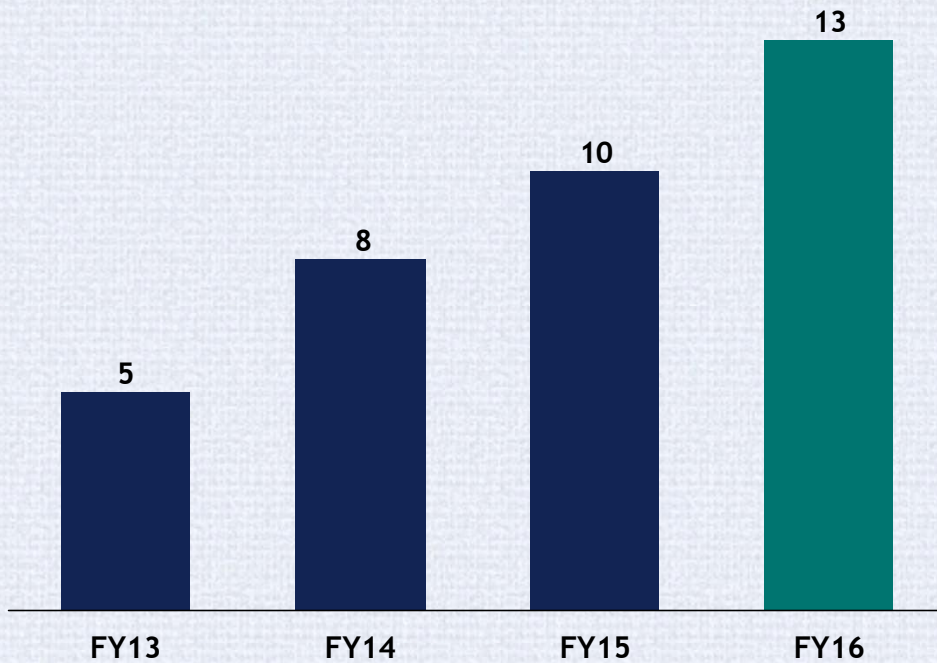


RoCE = EBITDA/Capital Employed (Networth + Debt)

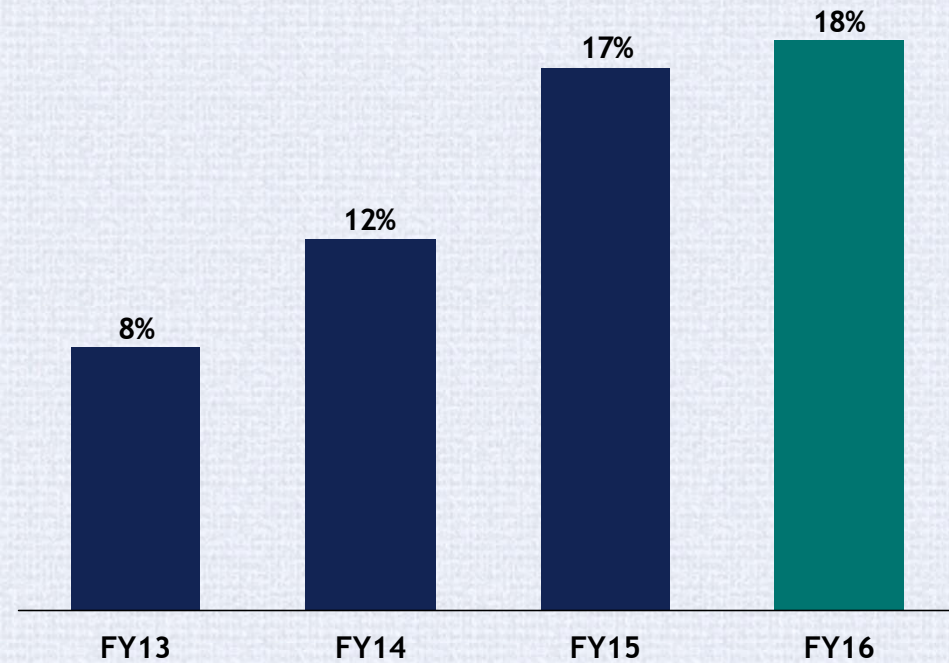
Consistently generating Returns over 20%

# Highest ever Dividend in history of Company

Dividend Per Share (Rs)



Dividend Payout (%)



Board recommended highest ever Dividend of Rs 13 per equity share for FY16



## Key financial highlights

Particulars	Rs. in Cr			USD mn		
	FY14	FY15	FY16	FY14	FY15	FY16
Total Revenues	1,923	1,918	2,302	337	315	339
EBITDA	306	272	311	54	45	46
PAT	131	115	143	23	19	21
Total Assets	1,273	1,341	1,709	223	220	251
Net Worth	462	558	676	81	92	99
Long Term Debt	267	339	427	47	56	63
Total Debt	630	598	767	111	98	113
ROE	28%	21%	21%	28%	21%	21%
Long Term Debt - Equity	0.6	0.6	0.6	0.6	0.6	0.6
Interest Coverage	4.0	3.8	4.9	<b>4.0</b>	<b>3.8</b>	4.9
EPS - Basic & Diluted	80	70	87	1.4	1.1	1.3

USD calculations based on Average rate: FY14: Rs. 57/USD; FY15: Rs. 61/USD; FY16: Rs. 68/USD



# Business Outlook

## Niche Value Added Products

- ❑ Consistent production of high margin value added products to result in greater proportion of Cotton blended dyed and Mélange Yarn in the overall mix

## Growing Core Business

- ❑ Acquisition of BTM & enhancing spindles capacities towards manufacturing Cotton blended dyed and Mélange Yarn to offer synergies and economies of scale

## Renewed Focus on Core Business

- ❑ Sharpened focus on core yarn business coupled with renewed strategy for home textile segment to result in improved and diversified product mix

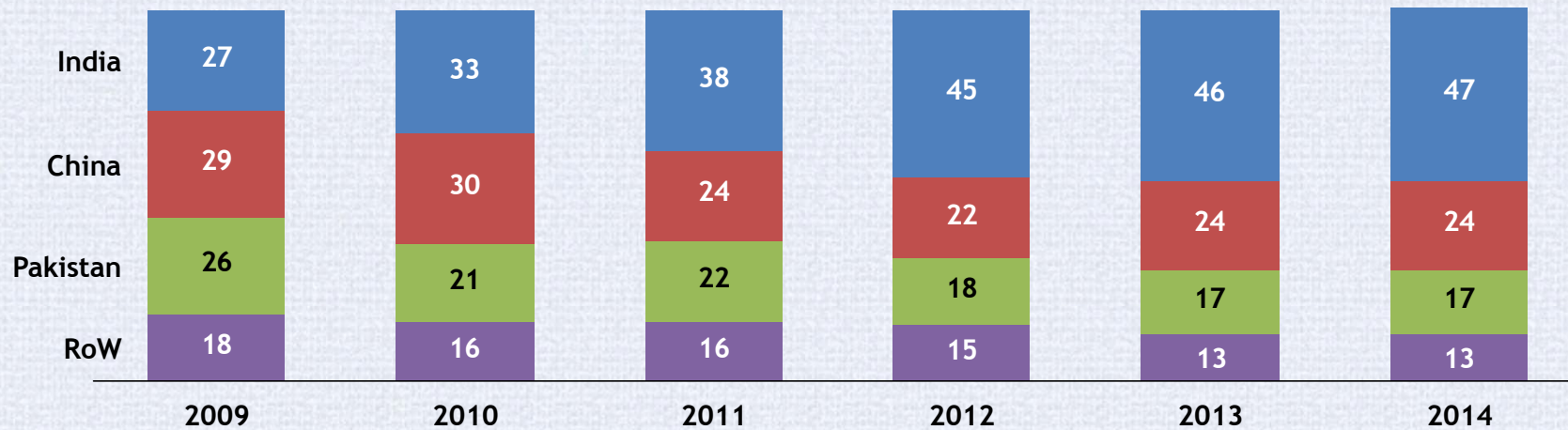
## Growth Drivers

- ❑ Capacity ramp up of value added items, increased capacity under home textile business and lowering of leverage to drive margins and profitability
- ❑ Changing lifestyle, rising disposable income, demand for quality products, recovery in developed economies; rising labor cost & instability in neighboring countries

# Industry Discussion – Home Textiles

- ❑ Global Home Textile market is estimated at USD 45 bn
- ❑ India's market share on a continuous uptrend (improved 20% points over the last five years – from 27% in 2009 to 47% in 2015)

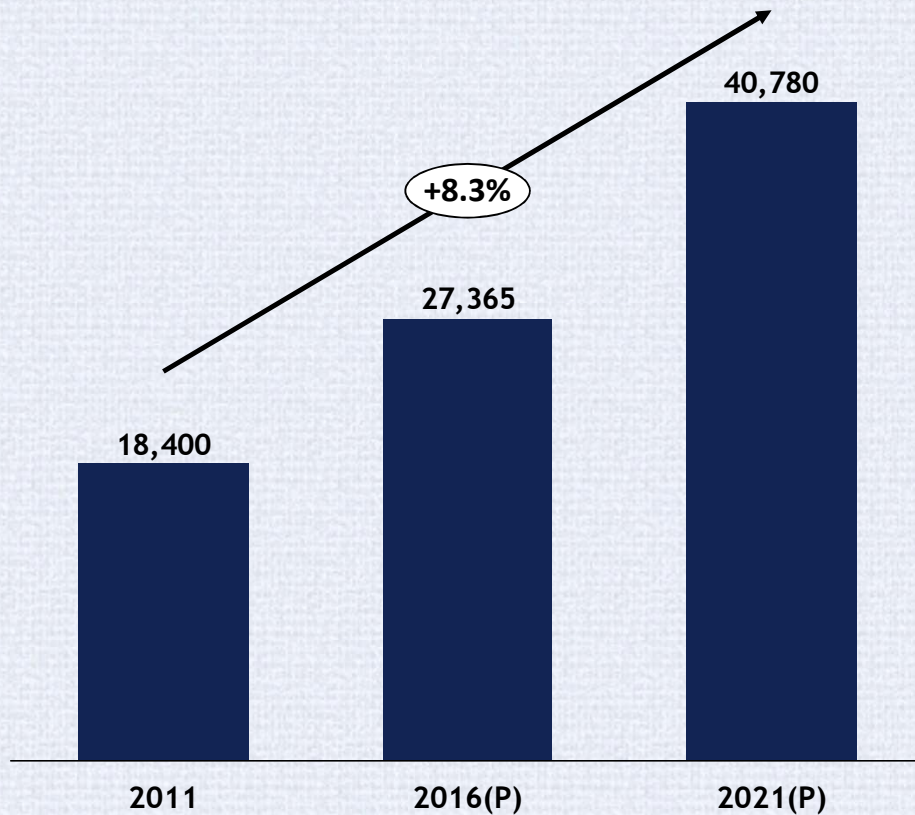
## India's Market Share on a continuous uptrend



Source: Industry

# Domestic Home Textile Industry Overview

**Domestic Home Textile Market (Rs Cr)**

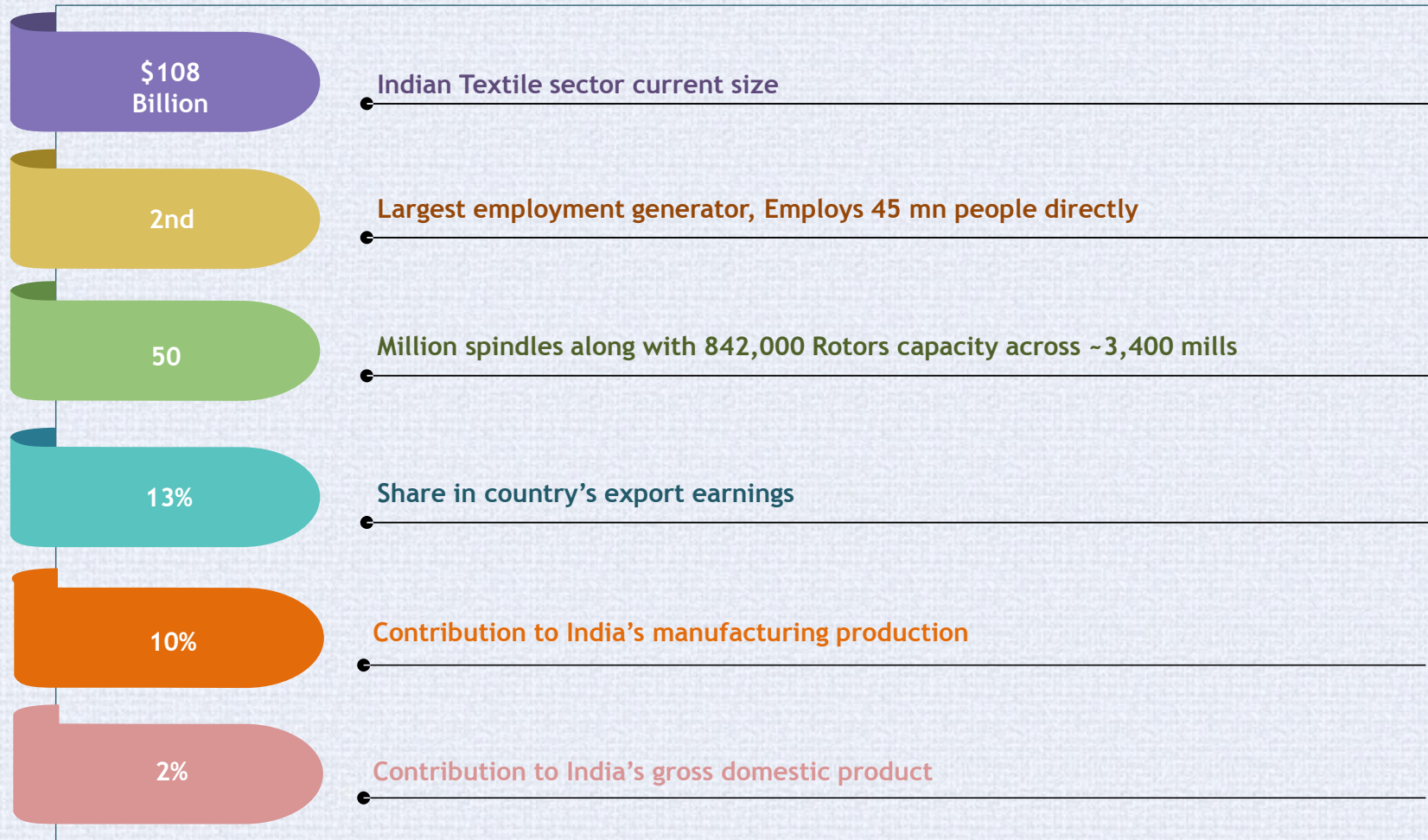


**Category wise market break-up (Rs Cr)**

Categories	2011	2016 (P)	2021 (P)	CAGR (%)
Bed Linen	8,965	13,170	19,350	8.0
Towels	3,320	4,840	7,060	7.8
Curtains	1,850	2,975	4,790	10.0
Blankets	1,465	2,040	2,850	6.9
Upholstery	1,190	1,915	3,080	10.0
Kitchen Linen	1,110	1,635	2,400	8.0
Rugs & Carpets	500	790	1,250	9.6
<b>Total</b>	<b>18,400</b>	<b>27,365</b>	<b>40,780</b>	<b>8.3</b>

Source: Technopak

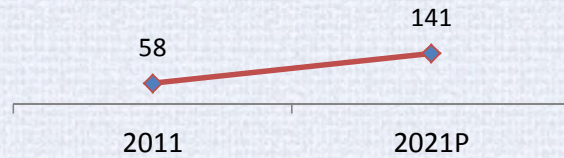
# Indian Textile Sector - Present



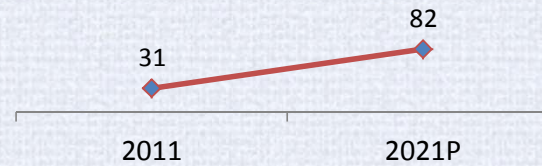
Source: Annual Report of MOT, GOI for 2015-16 and IBEF

# Indian Textile Sector Potential

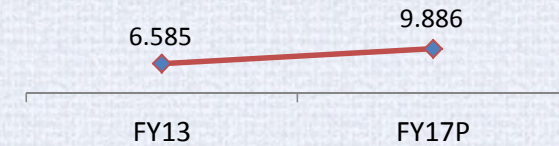
Domestic textile & apparel industry (\$ bn)



Textile & apparel exports (\$ bn)



Total Fibre Production (Mn Kg)



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

Market Value  
(2013) :  
USD100 bn

- ▶ Robust Demand
- ▶ Competitive Advantage
- ▶ Policy Support
- ▶ Increasing Investments

Market Value  
(2020P) : USD  
220 bn

Sector expected to witness significant growth resulting in expanding from present size - \$100bn in 2013 to \$220bn by 2020

## About Us



Sutlej Textiles and Industries Ltd (STIL) (part of S&P BSE SMALL CAP Index), an ISO 9001:2008 certified Company, is one of India's largest spun dyed yarn manufacturer. Under the leadership of Mr. C S Nopany, Executive 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 and home textiles. Over the years, the Company has also successfully carved out a niche for itself and is holding leadership position in the dyed yarn and cotton mélange yarn segment. The total spinning capacity of the Company presently stands at 378,456 spindles.

STIL has a strong global clientele and exports to more than 55 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) and The United Kingdom, 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.

For further information, please contact:

### Company :

**Sutlej Textiles and Industries Ltd**

CIN: L17124RJ2005PLC020927

Mr. Bipeen Valame

Chief Financial Officer

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### Investor Relations Advisors :

**Stellar IR Advisors Pvt. Ltd.**

CIN: U74900MH2014PTC259212

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Thank You

