

STIL/

July 21, 2017

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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Re:- Q1 FY 2018 - Results Presentation

Dear Sirs,

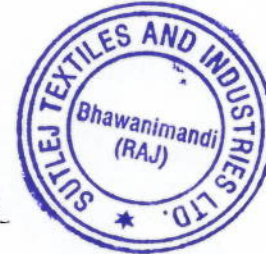
Please find enclosed herewith a copy of the Results Presentation with respect to the Un-audited Q1 FY 2018 Financial Results for the quarter ended 30th June, 2017.

Thanking you,

Yours faithfully,
For SUTLEJ TEXTILES AND INDUSTRIES LIMITED



(D.R.Prabhu)
COMPANY SECRETARY AND COMPLIANCE OFFICER





CHARGED TO
GROW HIGHER

**Investor Presentation Q1FY18
July 2017**



Safe Harbor

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Agenda

- Q1FY18 – Financial Highlights & Updates
- Corporate Overview
- Segment Presence – Yarn & Home Textile
- Business Outlook



A photograph of a textile spinning factory. The image shows rows of large, yellow, cylindrical bobbins mounted on a machine. The bobbins are arranged in a perspective that recedes into the distance. The machine has various mechanical components, including blue and white parts. The lighting is bright, highlighting the texture of the bobbins. The number '36' is visible on a blue base of the machine in the foreground.

Q1FY18 – Financial Highlights & Updates

Key Business Challenges, and our ability to withstand ...

Challenging Business Environment

- DeMo impacted demand in Q3 & Q4 FY17 with lingering effect in Q1FY 18
- Market uncertainty about GST rates and its impact caused market disruption
- High raw material prices (Cotton, Viscose, Polyester) increased by 10% to 21%
- Export remained under pressure due to strong INR as compared to other Asian currencies
- First quarter of new expansion at RTM & DGHT, so stabilization takes time to accrue full benefits

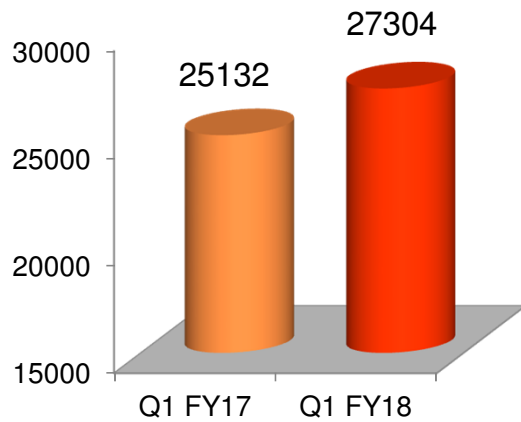
Despite difficult market conditions, we could withstand the pressure with our focused strategy of value added dyed yarn...

Q1FY18 - Top Line Performance

Q on Q Revenue up by 18%, the Yarn segment continues to give 95%+ of Revenue Share

Sales Growth even in Challenging Business Environment

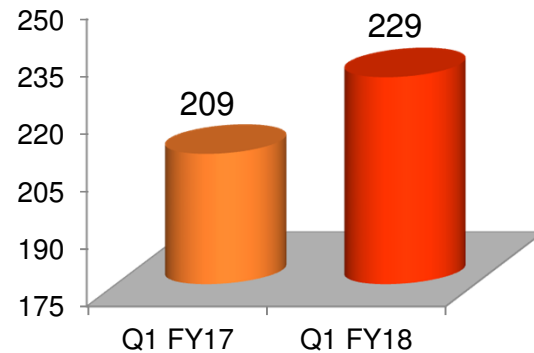
Yarn Sales (in MT)
Up by 9%



On account of new capacities...

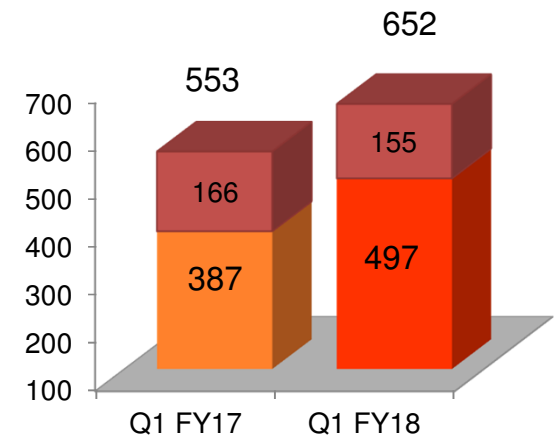
Focused strategy on Value Added Dyed Yarn

Average Yarn Realization (Rs/kg) Up by 10%



Focus on Export to continue Market Diversification

Sales Volume (Rs Cr)
Up by 18%



High input costs, bad market cause pressure on margins in Q1FY18

Very high RM prices impacted margins, which could not be fully passed on to the market due to bad market conditions

	Q1 FY17 (Rs Cr)	% of Sales	Q1 FY18 (Rs Cr)	% Of Sales
Sales (total)	552.66		651.99	
RM Cost (total)	(306.68)	55.49%	(380.30)	58.33%
Gross Margin (total)	245.98	44.51%	271.69	41.67%

Raw Material Prices	Q1 FY 17 (Rs/kg)	Q1 FY 18 (Rs/kg)	% Increase
Polyester	74.17	83.43	13%
Viscose	164.56	183.19	10%
Cotton	100.84	128.34	21%

EBITDA impacted due to higher power & fuel cost and one time CSR expenses

Comments on Quarterly Performance



Executive Chairman - Mr. C. S. Nopany

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

“The domestic environment pressures continued to adversely impact the textiles sector during Q1FY18. Following the disruption due to demonetization, the imminent introduction of GST further dampened demand during this quarter. The implementation of GST has disrupted the unorganized sector who have been demanding its removal on fabrics and resolution of the inverted duty structure. As anticipated, margins during Q2FY18 continue to be under pressure due to the lack of domestic demand coupled with a strong rupee affecting exports.

I am happy that Sutlej Textiles and Industries has been able to achieve top line growth as new capacities have started commercial production, both in spinning and home textiles. We expect that the operations will stabilize during Q2FY18 and the value added products will be the profit driver in the future.”

Key Business Updates

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

- Commenced commercial production of 35,280 spindles for producing value added Cotton Mélange and Cotton Blended Dyed Yarn at Bhawanimandi. Q1FY2018 is a first full quarter for commercial production.
- 17 no. Circular Knitting Machines are under installation and should complete in Q2 of FY 2018
- 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

Home Textiles Division – Capacity Expansion

- Capacity increased to 9.6 million meters p.a. of Home textile division at Bhilad. Q1FY2018 is a first full quarter for commercial production
- Increased presence in Home Textile segment will result in further strengthening of Company's end to end operations – Yarn to Home Textile

Key Business Updates

Brownfield project - Capacity Expansion of Specialty Synthetic yarn at Baddi, H.P.

- Brownfield capacity expansion plan of 28,800 spindles at Baddi, Himachal Pradesh facility
- Estimated Project Cost is Rs.215 crore and project is likely to have commercial production from end of Q4FY19
- Incremental capacity would be dedicated towards manufacturing of 100% Polyester Industrial Yarn and other grey blended specialty synthetic yarn

Modernization Update

- Invested around Rs.10 crore during Q1 FY 2018, 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.70 crore during FY18 towards technology up-gradation and debottlenecking, etc
- This will result in further improvement in efficiency and sustaining plant utilization.

Profitability Highlights

Rs. in Cr	Q1FY18	Q4 FY 17	Q1FY17	FY17	FY16
Income	659	612	561	2,287	2,108
Raw Material Cost	380	351	307	1,263	1,204
Employee Cost	72	70	63	266	220
Other Expenses	130	122	105	439	382
EBITDA	76	70	86	319	302
EBITDA Margin (%)	11.58%	11.41%	15.40%	13.96%	14.30%
Depreciation	26	22	21	85	80
Finance Cost	16	11	13	46	45
Profit Before Tax	34	37	52	188	177
Exceptional Items	-	-	-	-	4
Tax	11	4	7	30	30
Net Profit After Tax	24	33	45	158	143
Net Profit Margin (%)	3.58%	5.44%	8.03%	6.91%	6.80%
Earning Per Share (Rs.)	14	20	28	96	88



Corporate Overview



Company Overview

India's largest Spun-dyed Yarn manufacturer

Presence across value chain – from Yarn to Home Textile

4,16,616 spindles capacity of Yarn

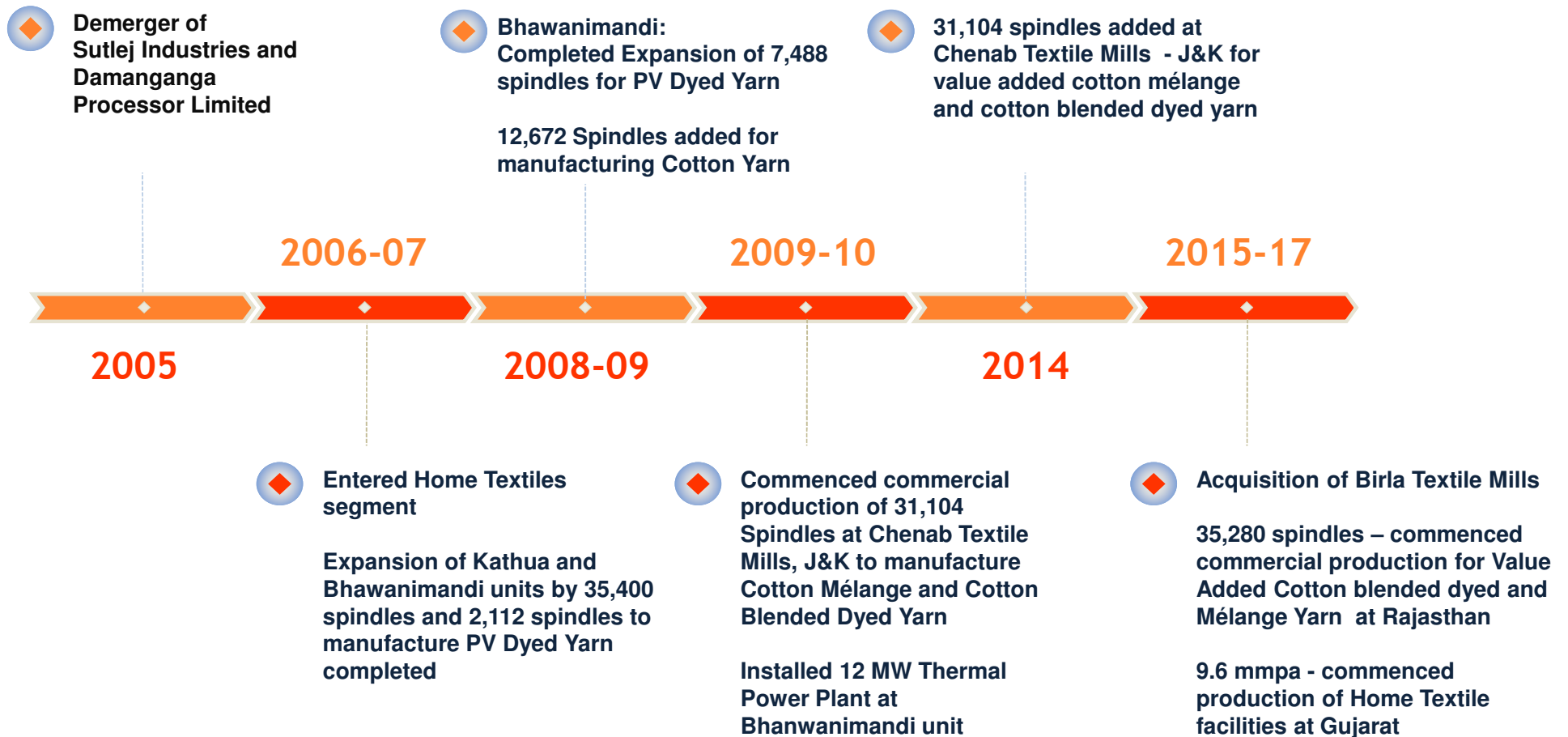
9.6 Million Meters Per Annum capacity of **Home Textiles**

Global Presence over 60 countries across Europe, North America, South-East Asia

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

Long-term credit rating **CARE AA** and Short-term credit rating **CARE A1+**

Journey at Glance



Corporate Governance at the Helm

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. Sukhvir Singh
Non Exec Director

Key Executive

Mr. S.K. Khandelia
President & CEO

Mr. Bipeen Valame
WTD and CFO

Mr. D.R. Prabhu
CS & Compliance Officer

State of the art manufacturing facilities ...



Chenab Textile Mills

Location: Kathua, J&K
Products: Cotton Mélange Yarns
Man-made Fibre Yarns
Capacity: 109,010 Spindles (Cotton Mélange)
97,366 Spindles (Man-made Fibre)



Birla Textile Mills

Location: Baddi, Himachal Pradesh
Products: Cotton Yarns
Man-made Fibre Yarns
Capacity: 83,376 Spindles



Rajasthan Textile Mills

Location: Bhawanimandli, Rajasthan
Products: Cotton Yarns
Man-made Fibre Yarns
Capacity: 35,280 Spindles (Cotton Mélange)
91,584 Spindles (Man-made Fibre)



Damanganga Home Textile

Location: Daheli, Gujarat
Products: Home textiles furnishings
Capacity: 9.6 million metres p.a.

Wide distribution network and marquee clientele

Presence and strong brand image across globe in over 60 countries...



Expanded global foot print ...
geography

...De-risk over dependence on few

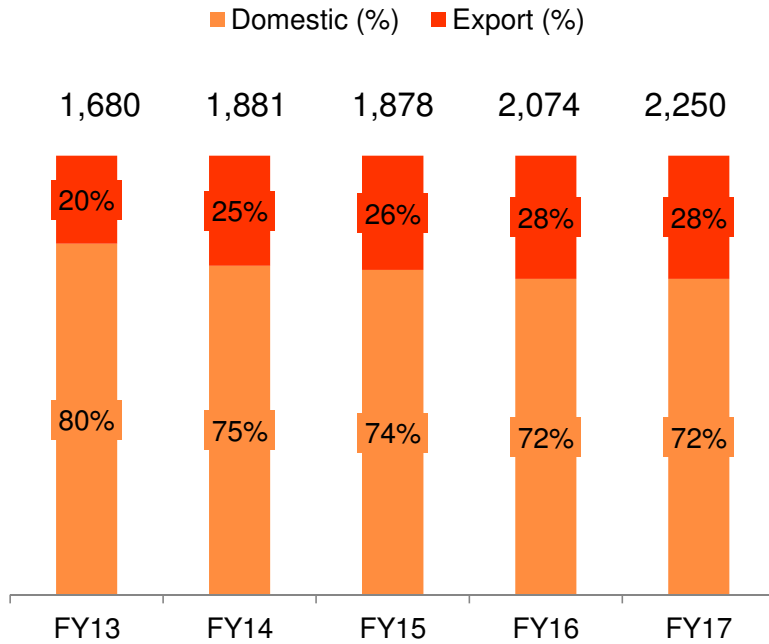
Evolved as vendor to...



...partner to leading textile solution providers

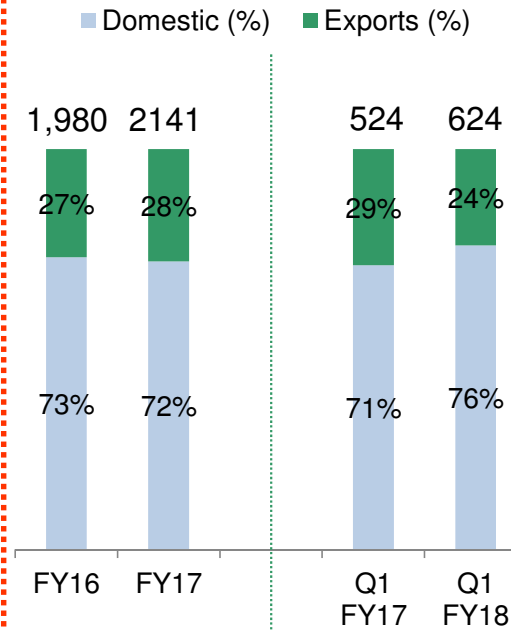
Headway towards Exports

Domestic & Export Revenue Break Up (Rs. Cr)

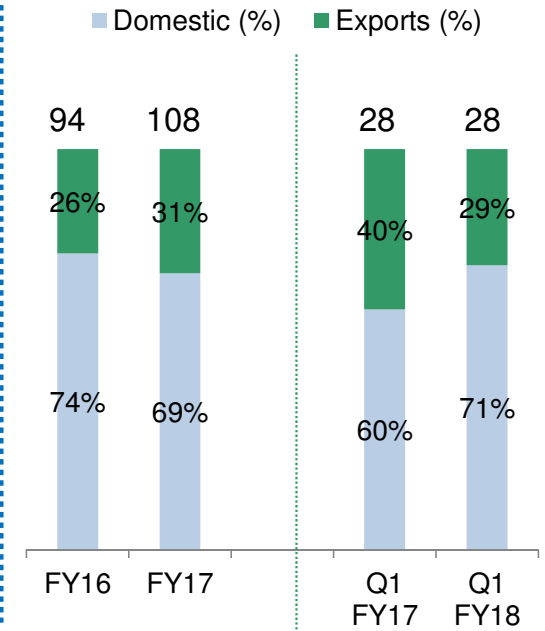


Yarn & Home Textile FY17 Revenue Break Up (Rs. Cr)

Yarn Revenue (Rs. Cr)



Home Textile Revenue (Rs. Cr)



Diverse and wide product portfolio



Yarn

Home Textile



One stop shop for all kinds of spun dyed yarns

Focus on value added yarns that fetched superior realisations

Diversified offerings with presence across value chain



Our responsibilities towards a healthy society



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

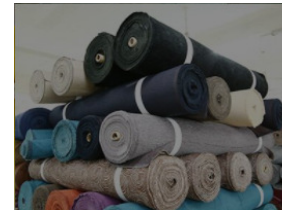
We provide financial support to relief operations initiated by the offices of the Prime Minister and Chief Ministers during times of distress and natural calamities



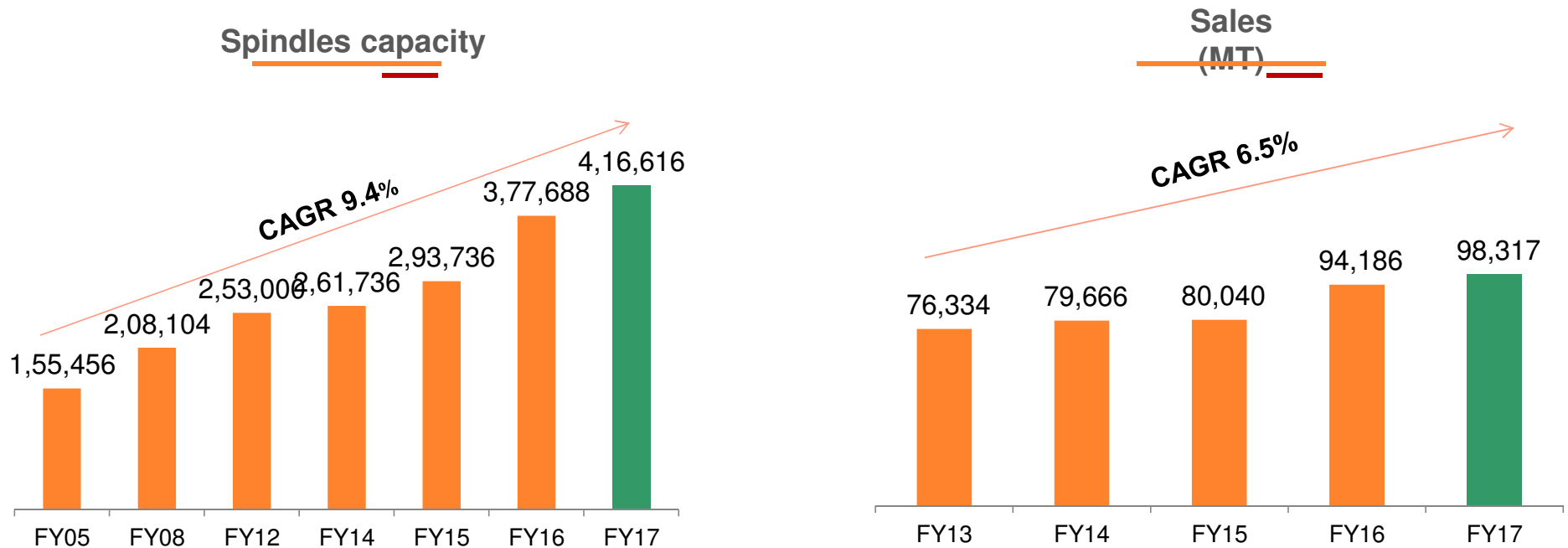
Segment Presence – Yarn



Wide Application of Yarns



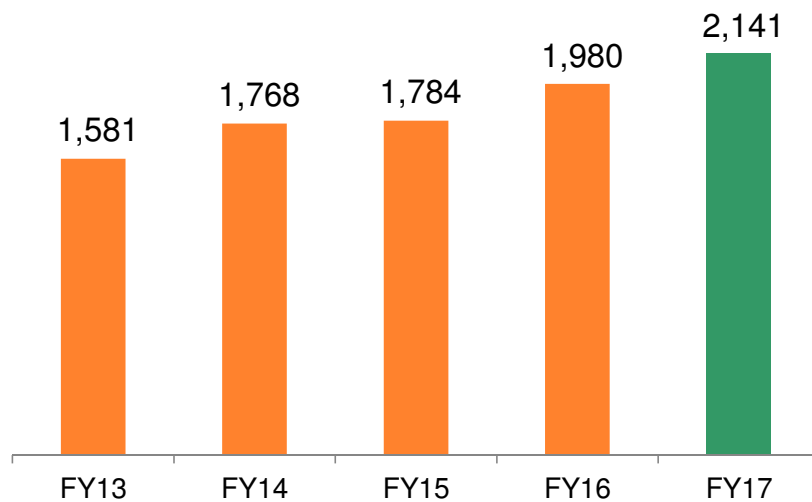
Yarn - Consistent capacity addition over the years



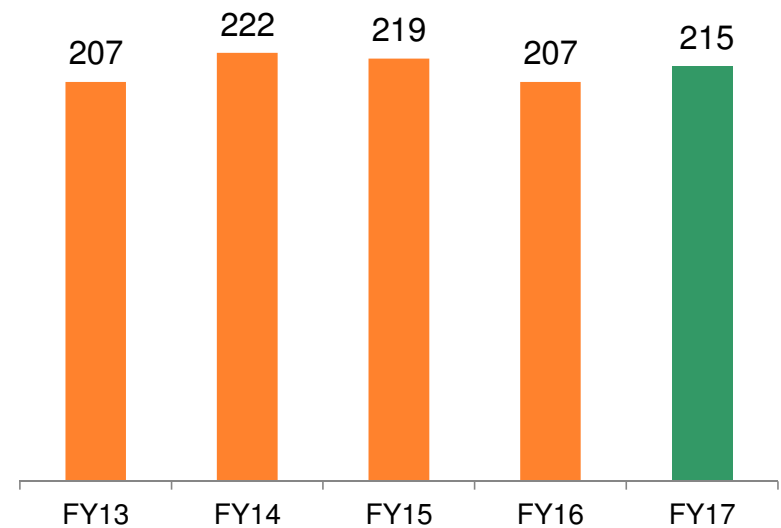
- Invested in modernization ~50% of spindle age are less than a decade old
- Increasing share of Value-added product portfolio of Cotton Mélange Yarn and Dyed Synthetic Yarn
- Capacity expansion of 28,800 spindles into industrial yarn at BTM to be operational in end of Q4FY19

Registering strong growth in Yarn segment...

Revenue (Rs. Cr)



Average Sales Realisation (Rs / Kg)



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

Segment Presence – Home Textiles



Home Textile - Entering Growth Orbit

COMPLETE PRODUCT RANGE OF “CURTAINS, UPHOLSTERY, DRAPERY & MADE UPS”



Capacity **9.6 million metres**

Exports increased to 24% in FY 2016-17

Own Brand "**BIRLA HOME DECOR**"

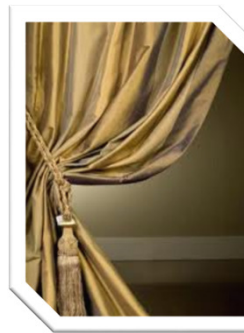
Focus on **quality** and textiles **consistency**

Focus on **updating latest technology** in design & manufacturing

Investing in critical input materials by backward integration

Product Portfolio

Contemporary products across **Curtains** and **Upholstery** as well as special products for niche applications



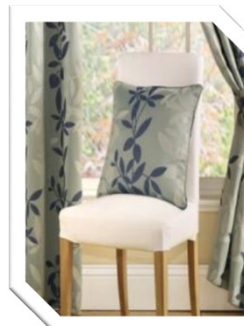
Drapery Fabrics

Wide array of drapery
Trendy designs and colours
Currently has the largest share of the total production capacity



Upholstery Fabrics

Crafted qualities and designs
Provide fabrics meeting stringent performance criteria and sophisticated fabric finish



Made-Ups

Cushion, Throws, Curtains, Bed Scarves
Manufactured in customized designs and sizes
Customers based in US, UK, Ireland and Greece



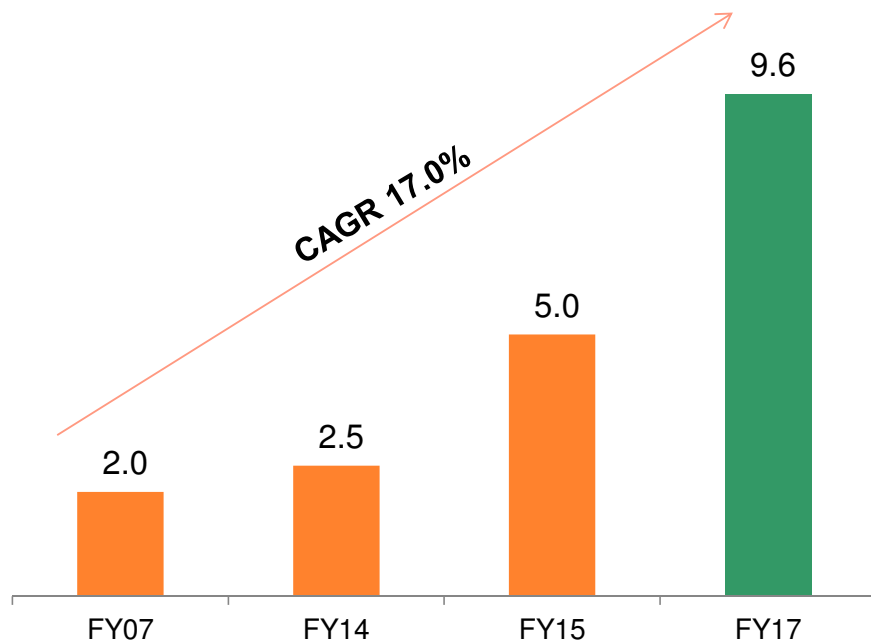
Finishes

Offer treated fabrics like:

- Fire Retardant
- Bio Finish
- Aroma Finish
- Sctochgard
- Insect Repellant Finish
- Soil Repellant Finish

Home Textiles - Continuous expansion to cater growing demand

Capacity (Million Meters Per Annum)



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

- Entered the Home Textiles segment in 2006-07
- Capacity expanded by 4.6 mm pa to 9.6 mm pa in FY17
- Continued focus on exports for better realization.
- Current Capacity utilisation over 80%
- Growing into a sizeable & profitable business
- Will Contribute 6-7% to the overall revenues of the Company



Business Outlook

Growth Strategies

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.
- Incremental capacity dedicated towards 100% Polyester Industrial Yarn and other grey blended specialty synthetic yarn.

Growing Core Business

- Enhanced spindles capacities towards manufacturing Cotton blended dyed and Mélange Yarn to offer synergies and economies of scale

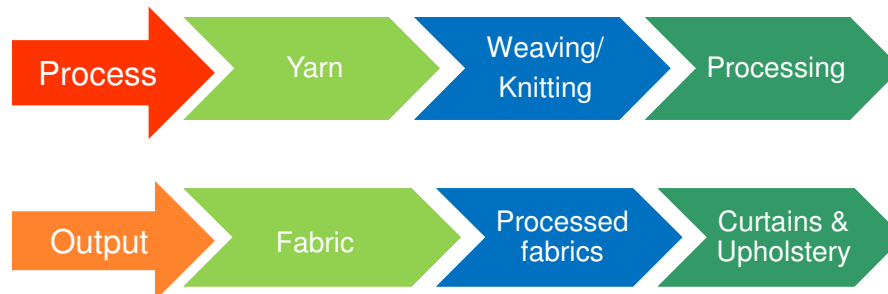
Renewed Focus on Core Business

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

Growth Drivers

- Capacity addition of value added items
- Increased capacity under home textile business
- Focus on innovative product to drive margins and profitability
- Favourable demographics, resulting changing lifestyle and rising disposable income.

Sutlej Textiles - Value Chain



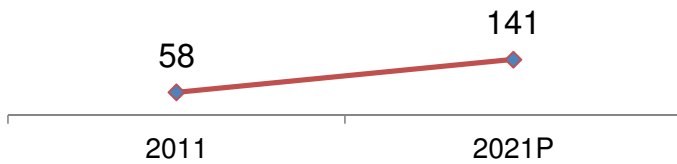
Indian Textile Sector - Present



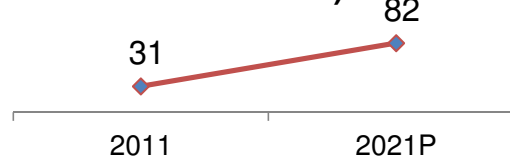
Source: MOT, IBEF April 2017 Report

Indian Textile Sector Potential

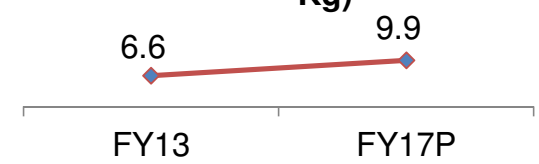
Domestic textile & apparel industry (\$ bn)



Textile & apparel exports (\$ bn)



Total Fibre Production (Mn Kg)



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

Market Value (2016) : USD137 bn

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

Market Value (2023P) : USD 226 bn

Source: IBEF

About Sutlej:

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 416,616 spindles.

STIL has a strong global clientele and exports to more than 60 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 and Silver trophy by SRTEPC for Second best export performance in spun yarn category.

Let's Connect



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