

12<sup>th</sup> August, 2020

<b>BSE Ltd.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. <b>Scrip Code: 532782</b>	<b>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. <b>Scrip Code: SUTLEJTEX</b>
--	---

**Sub: Q1FY21 Result Presentation**

Dear Sirs,

Please find enclosed herewith a copy of the presentation with respect to the Un-audited Financial Results (Standalone and Consolidated) of the Company for the quarter ended 30<sup>th</sup> June, 2020.

Thanking you

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



Manoj Contractor  
Company Secretary and Compliance Officer



Encl: a/a



# Sutlej Textiles and Industries Limited

Q1FY21 Result Presentation | August 2020

This presentation and the accompanying slides (the "Presentation"), which have been prepared by Sutlej Textiles and Industries Limited (the "Company"), solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. Unless otherwise stated in this document, the information contained herein is based on management information and estimates. The information contained is subject to change without notice and past performance is not indicative of future results. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company. This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded. Certain matters discussed in this Presentation may contain statements regarding the Company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and worldwide, competition, the company's ability to successfully implement its strategy, the Company's future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company's market preferences and its exposure to market risks, as well as other risks. You acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely and completely responsible for forming your own view of the potential future growth and performance of the Company. The Company 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. The Company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statement/s and projection/s made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statement/s and projection/s. The contents of this presentation have not been reviewed by any regulatory authority in any jurisdiction where such presentation has been made or distributed.



# Q1 FY21 Results Highlights

*Sailing through challenging times...*





# Revival after Covid-19

- **Financial Performance**

- ✓ Sales and profitability impacted due to shutdown of operations for nearly a month
- ✓ Some recovery witnessed in Export market, Domestic market demand remained subdued

- **Operational details**

- ✓ Had sufficient orders in hand at the time of lockdown, could avoid cancellation of orders during the lockdown due to long and trusted relationships with customers.
- ✓ Dispatches of orders was slow in the domestic market since the downstream industry restarted much later and at lower utilizations.
- ✓ Fully geared to scale up the capacity utilization and reach at optimal levels as soon the demand revives.

- **Liquidity position**

- ✓ Working capital Utilisations have dropped during the quarter by Rs 15 Crs to Rs 276 Crs, despite shutdown of units during initial days of the quarter.
- ✓ Liquidity position remained comfortable with 55% undrawn working capital lines
- ✓ Not opted for moratorium on debt service obligation as announced by RBI

- **Outlook**

- ✓ Expecting gradual recovery of demand from domestic and international markets as economies world over are opened up and lifting of various restrictions



# Profitability Highlights

Particulars (Rs crore)	Consolidated Financial Results					
	Q1 FY21#	Q1 FY20	YoY Chg %	Q4 FY20	QoQ Chg %	FY20
<b>Total Income</b>	<b>197</b>	<b>667</b>	<b>-70%</b>	<b>545</b>	<b>-64%</b>	<b>2442</b>
<b>RM cost</b>	<b>108</b>	<b>397</b>	<b>-73%</b>	<b>296</b>	<b>-64%</b>	<b>1363</b>
<b>Gross Profit</b>	<b>89</b>	<b>270</b>	<b>-67%</b>	<b>249</b>	<b>-64%</b>	<b>1079</b>
<b>EBITDA</b>	<b>-23</b>	<b>50</b>	<b>NA</b>	<b>23</b>	<b>NA</b>	<b>198</b>
<b>PBT ( before Excep. items)</b>	<b>-55</b>	<b>12</b>	<b>NA</b>	<b>-14</b>	<b>NA</b>	<b>51</b>
<b>PAT</b>	<b>-38</b>	<b>7</b>	<b>NA</b>	<b>-14</b>	<b>NA</b>	<b>28</b>

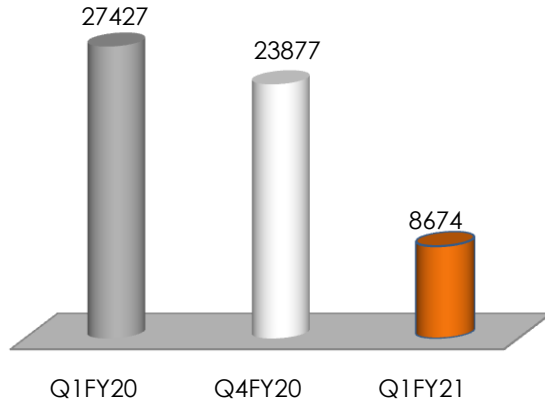
# As a result of lockdown during the quarter ended 30 June 20, the Company's operations and financial results have been adversely affected. Therefore, results for current quarter are not comparable to previous corresponding period financial results.

## Q1FY21 Performance

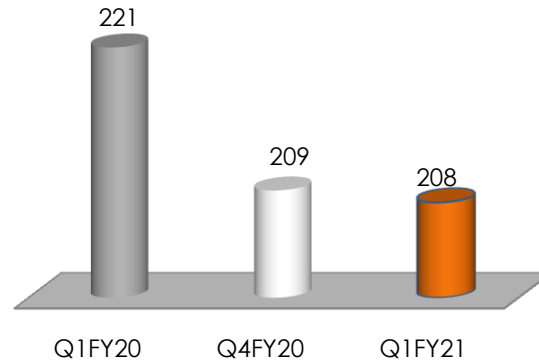
- ✓ As a result of lockdown due to Covid-19 pandemic, operations had been impacted due to shutdown of operations for nearly a month, as a result and sales for Q1FY 21 has been significantly affected.
- ✓ Gross margins witnessed some improvement during the quarter due to correction in RM prices
- ✓ Drop in demand has resulted in lower capacity utilizations of the plant leading to lower sales and loss at EBITDA levels

# Key Performance Highlights – Q1FY21

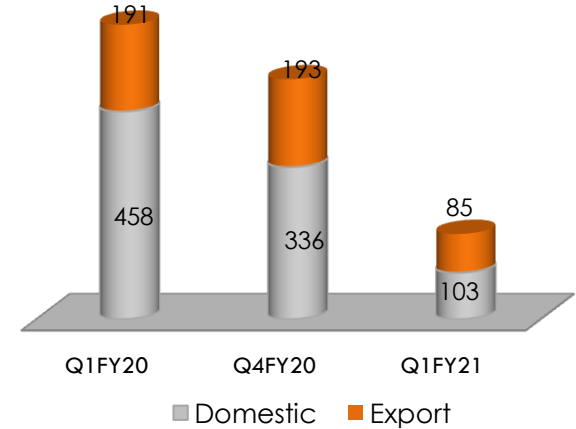
### Yarn Sales (in MT)



### Avg. Yarn Realization (Rs/kg)

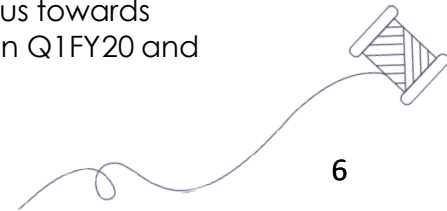


### Domestic & Export Revenues\* (Rs Crs)



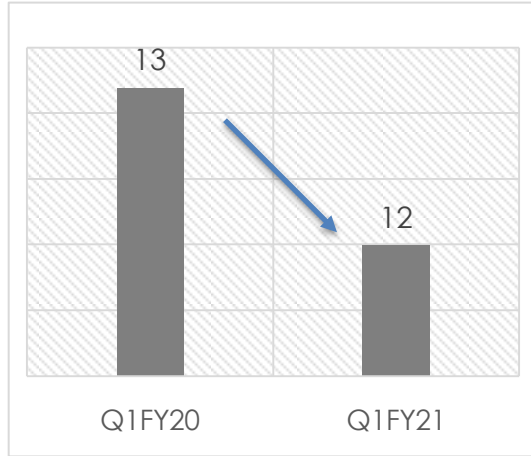
- Despite challenging business environment in the domestic market, the company could focus towards exports during the quarter, Yarn Exports contributed 45% during the quarter as against 29% in Q1FY20 and 36% in Q4FY20

\* Yarn business sales

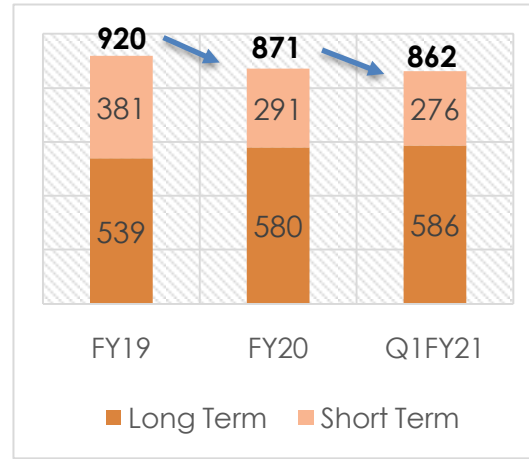


# Strengthen Balance Sheet

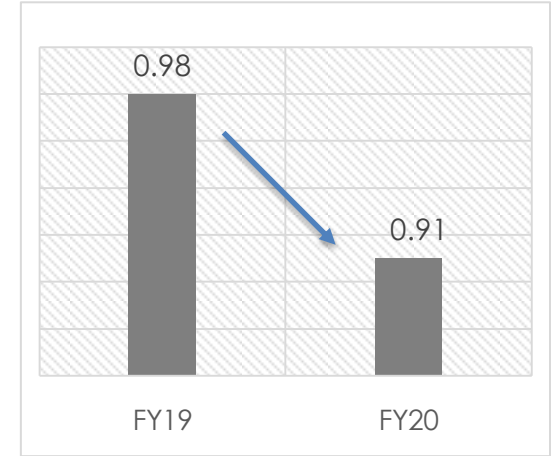
### Finance Cost (Rs. Cr)



### Total Debt (Rs. Cr)



### Debt to Equity (x)



- ✓ Despite challenging business environment Total Debt has witnessed a reduction of Rs 9 Crs (net) during the quarter, led by efficient working capital management, as a result Short Term Debt has reduced by Rs 15 Crs during the period.
- ✓ The company is efficiently managing its working capital which has dropped by Rs 105 Crs over past 15 months, currently Working capital utilisation is Rs 276 Crs which is less than 50% of Working capital Sanctioned limits.
- ✓ The Debt to Equity Ratio has further improved to 0.91 times which is the best in the previous 5 years.



# 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:**

*"The Covid-19 pandemic has engulfed the entire world causing catastrophic damage to economies and businesses across the globe. It has significantly impacted the discretionary spend sectors of the economy and our quarterly performance is also a reflection of the same. While we adapt to the new normal, consumer demand has dwindled. We continue to operate on suboptimal utilization of the capacity and we continue to work on cost optimization to make the operations leaner and agile. We do expect uncertainty to continue for some more time till confidence is restored amongst the society and economy."*





# Sutlej

*Creation of a Strong Foundation over the years*



# Sutlej Textiles - Overview

## Largest Spun Dyed Capacity

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 and  
Experienced Management

## Niche Presence

Presence in all value added yarns and high end Melange yarn  
Presence in curtains and upholstery in Home Textile segment

## Exports to + 65 countries

Exports across Europe, North America, South-East Asia, USA, Asia

## Well Diversified Capacities

4,19,640 spindles capacity of Yarn  
9.6 Million Meters Per Annum capacity of Home Textiles

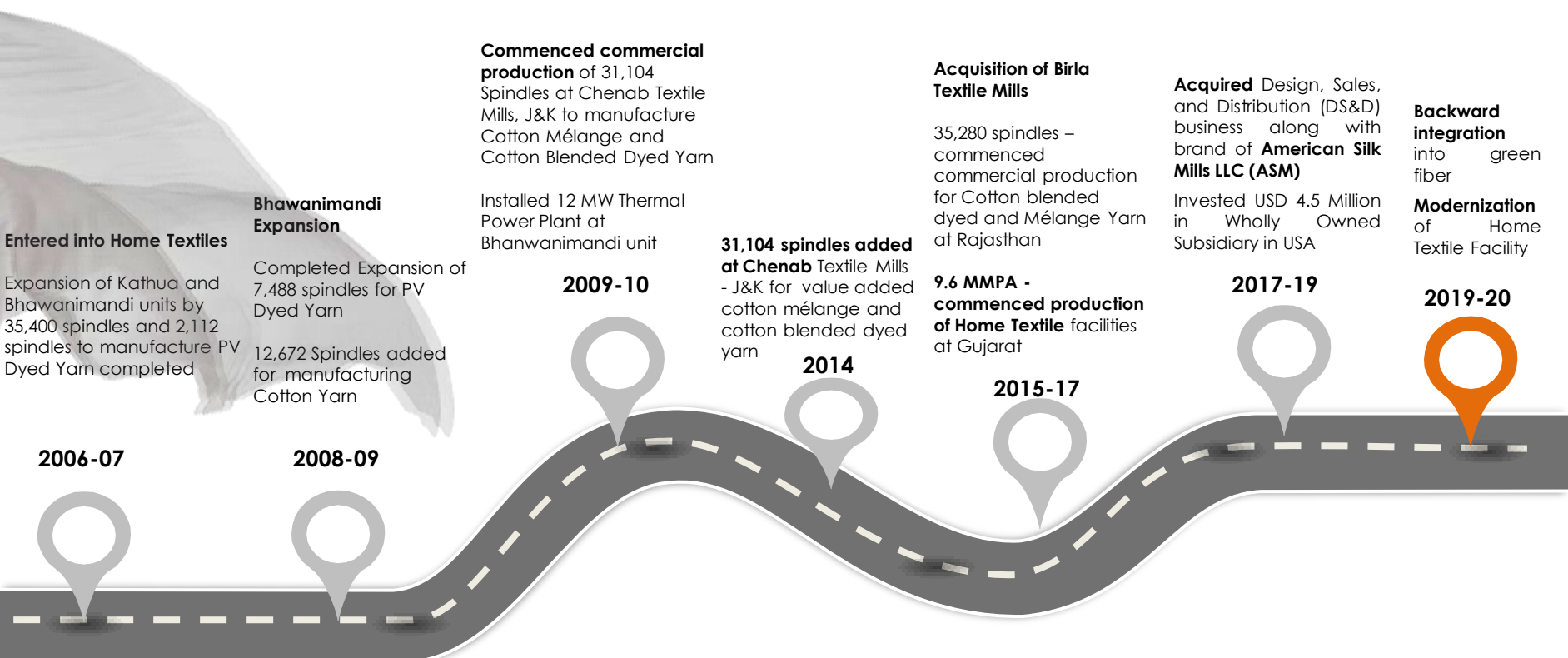
## Reputed Cliental

Marquee clients like Page Inds (Jockey), Westside, Marks & Spencer, Arvind, Raymond, Donear NXG, Siyaram's, Arrow, Grasim, Digjam, JC Penney, Monte Carlo Pantaloons etc

## Backward integration

Project under implementation to produce Raw white and black recycled fibre with a capacity of 120 MT per day

# Key Milestones



# Business Verticals

---

Value Added Yarns

Dyed Yarns

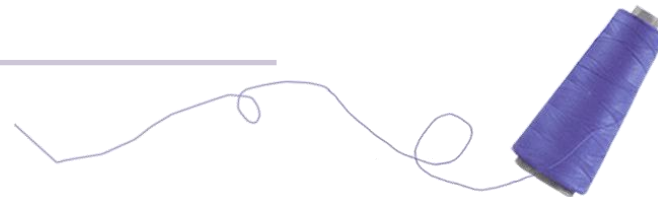
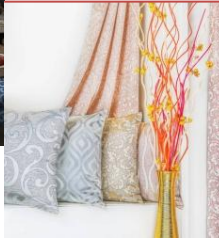
Melange Yarns

Home Textiles

Curtains

Upholstery

Made Ups





# Sutlej – Charged to grow higher

## Focussed on Value Added Dyed yarns

Leading spun dyed & Melange  
Yarn Manufacturer in India



## Improving Operating Efficiencies

One of the best Capacity  
Utilization in Industry  
Better RM & Power cost through  
Green Fibre and Solar Energy

## Niche Home Textile

Curtains, Upholstery and Made ups

## Growth Drivers

Home Textile  
New Adjacent Segments  
Inorganic Growth

# 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**

Non Exec Director

**Mr. Ashok Mittal**

Non Exec Director

## Key Executives

**Mr. S.K. Khandelvia**

President & CEO

**Mr. Updeep Singh**

Deputy CEO

**Mr. Bipeen Valame**

WTD and CFO

**Mr. Manoj Contractor**

CS & Compliance Officer



## **Focused on Value Added Specialty Yarns**

*Always opted for expansion into high value specialty yarns*

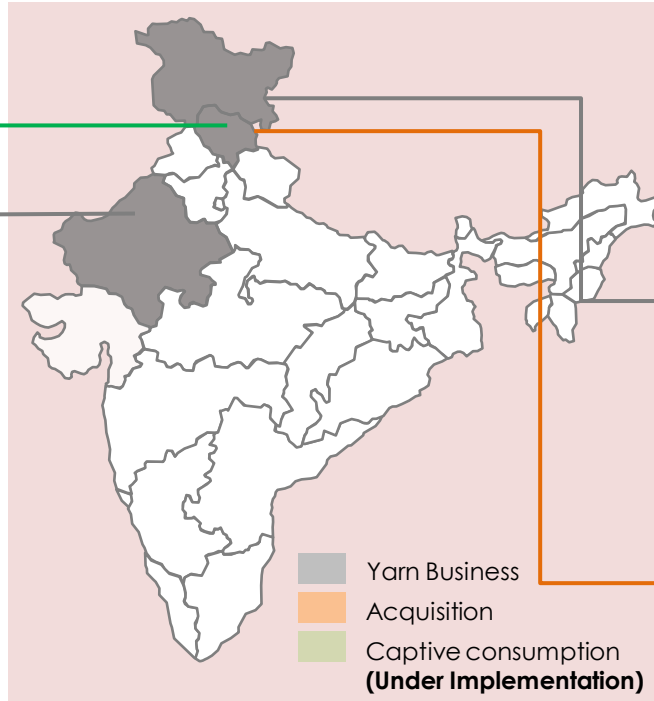
# Yarn Capacities

## Bhawanimandi, Rajasthan

- 35,280 Spindles (Cotton Mélange )
- 90,384 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



- Ability to handle variety of RM with different counts
- Work very closely with customer to fulfil requirements
- Manufacture to Sale and not to Stock

## Kathua, J&K

- 1,09,154 Spindles (Cotton Mélange)
- 1,01,566 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

- ✓ 4,19,640 Dyed Yarn Spindles
  - ~35% dedicated to Melange Yarn
  - ~65% dedicated to various blends

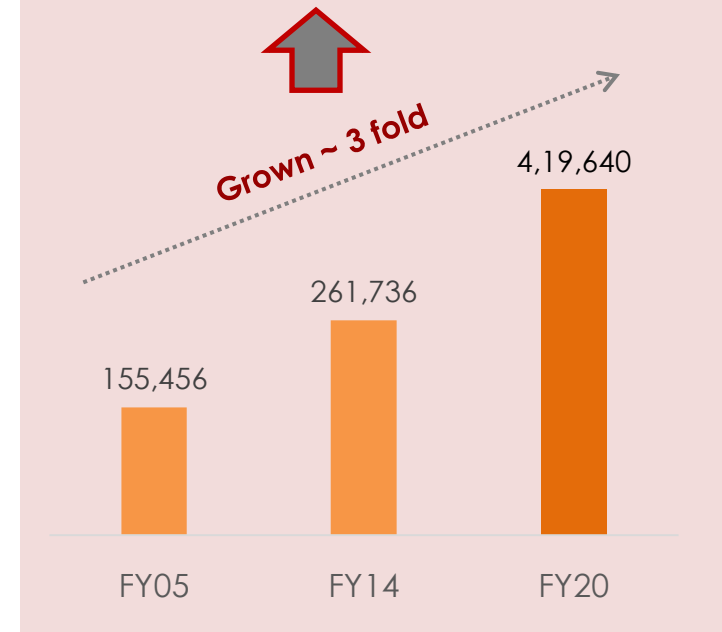
## ▪ Well Diversified Product Portfolio

- ✓ Marquee clients like Siyarams, Donear, Raymond, Page Inds, Westside, Marks & Spencer, Arvind, JC Penney, Monte Carlo Pantaloons 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

- ✓ Around 30-35% Revenue from Export to over 65 countries
- ✓ Export to all major countries in the world
- ✓ Three Star Export House Status holder

## Continuous Increase in Spindle Capacities







## Niche Home Textile Presence

*One of the few listed Curtains & Upholstery players*

# Home Textile Business

## ▪ Focus on Curtains, Upholstery & Made ups

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

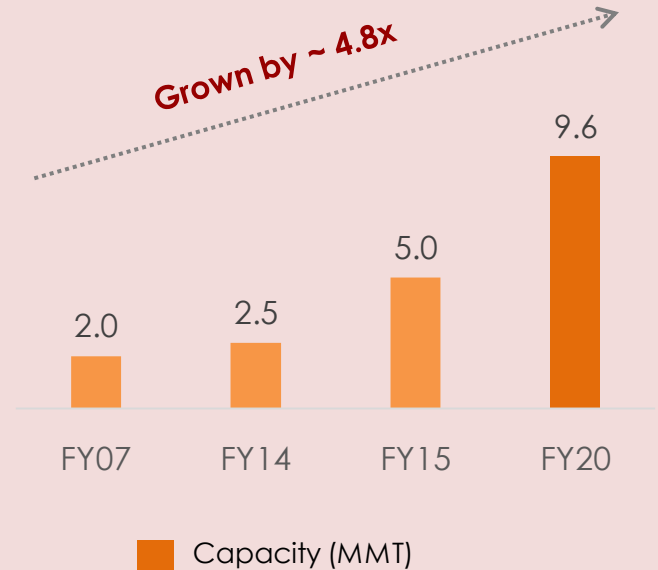
## ▪ Latest Technology in design & manufacturing

- ✓ 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 countries
- ✓ Building world class design capabilities
- ✓ Improving product mix and broadening product portfolio

## Increase in Loom Capacities over past 12 yrs





## ▪ Engagement with customers

- ✓ Have done Customer segmentation, Channel wise strategy preparation & customer focus group creation
- ✓ Strengthening network of local independent sales agents

## ▪ Product Basket enhancement

- ✓ Diversifying product, geography and distribution channels to build sustainable and viable business.
- ✓ Introduced Drapery segment & introduction of silk for its therapeutic benefits with American Silk Mills
- ✓ Introduction of functional finishes such as anti-viral and antimicrobial, also introduced product offerings beyond aesthetic (therapeutic use).
- ✓ The introduction of silk for its therapeutic benefits is also being explored.



The background is a collage of various silk fabrics and handwritten notes. On the left, there's a piece of fabric with a complex, multi-colored pattern in shades of brown, tan, and white. Below it is a roll of light-colored, textured silk. In the center, there's a dark grey rectangular box containing the text 'AMERICAN SILK' and 'TIMELESS DESIGN SINCE 1896'. Below the box is the website 'www.americansilk.com'. On the right, there's a piece of white fabric with small, colorful floral embroidery. At the bottom right, there's a piece of fabric with a striped pattern. Handwritten notes in cursive are scattered throughout, including 'Tail 22c.', '1 Sat', '1 Tail', '1 Sat', and '2 Sat'.

AMERICAN SILK

TIMELESS DESIGN SINCE 1896

[www.americansilk.com](http://www.americansilk.com)

**Building Organization**

# American Silk Mills (ASM)



## ▪ Covid-19 Preparedness

- ✓ Maintain all US Centers for Disease Control and Prevention (CDC) Guidelines including mandatory sanitizing, social distancing, and temperature checks.
- ✓ Eliminated and reduced all non-essential operating expenses.

## ▪ Product offerings

- ✓ Design Books well received since construction in both commercial and residential has remained uninterrupted
- ✓ Sales Representatives completed the 5 Strategic Selling System modules and are now received certification via Achieve Global as Consultative Sales Professionals

## ▪ New Channels

- ✓ Executed Designer channel by adding 90 new accounts, most of them are Interior Designers
- ✓ Launched first online presence with sites like Wayfair & Perigold
- ✓ Launched second e-commerce presence with FashionPillows.com
- ✓ Executed Virtual showings of new Summer 2020 line
- ✓ Obtained 56 new SKU placements with leading Furniture Manufacturers



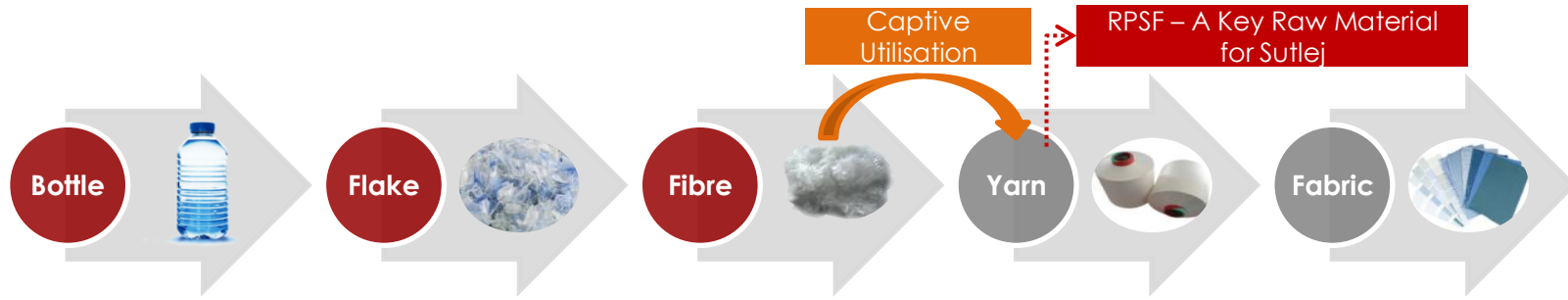




## Improving Operating Efficiencies

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

# Backward Integration into Green Fiber

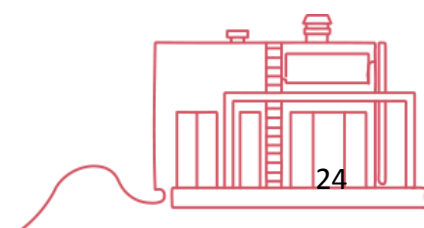


Description	Details
Capacity to produce Raw white and black recycled fibre	120 MT / Day
Location (adjacent to our existing yarn manufacturing unit)	Baddi, Himachal Pradesh
Spent up to date	~Rs.177 crores

**Fulfil 65%-75% of  
Captive Requirement of  
Key Raw Material PSF**

## Current Status:

The outbreak of Covid-19 pandemic has impacted commissioning of the project due to travel ban by China in late January 2020 and subsequently by India, which has resulted in cost and time overrun. The Company is actively pursuing with the Government for early grant of visa and travel permission to the foreign engineers in order to start up the project at the earliest.



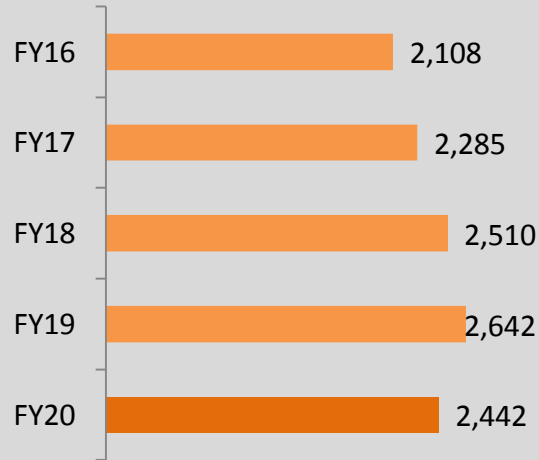




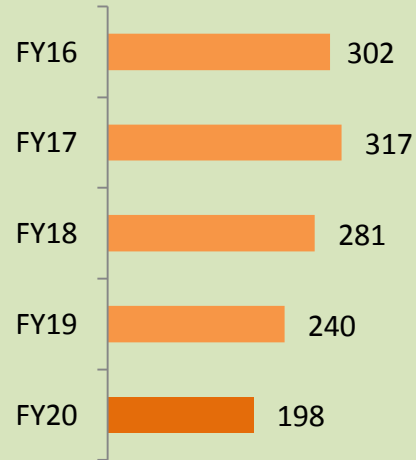
## Annexure - Financials

# 5 year Performance Highlights

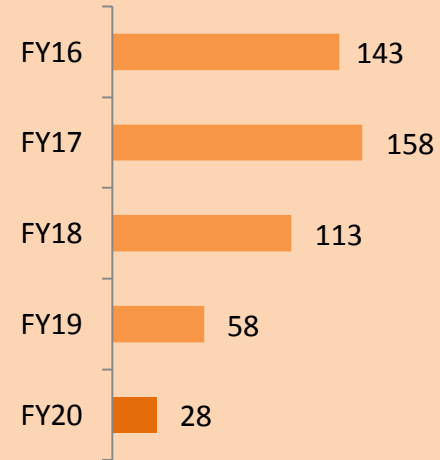
## Revenue



## EBITDA



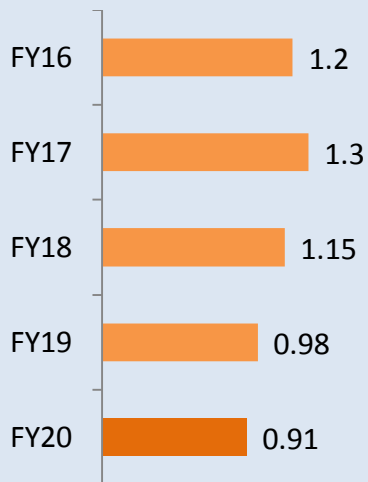
## PAT



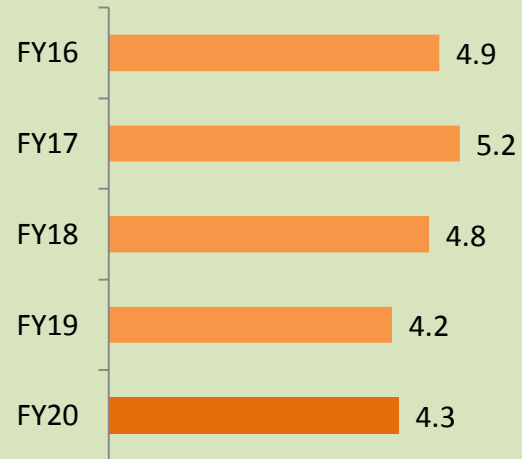
Performance of FY20 impacted due to lockdown of manufacturing units due to Covid-19

# Balance sheet Ratios

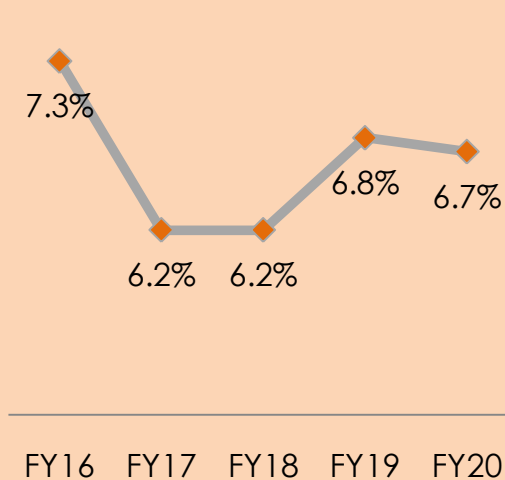
## Comfortable Total Debt/Equity Ratio



## Robust Interest Coverage



## Average Interest Rate of Term Loans (After TUF)





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

***THANK YOU!***

**Let's Connect**



**Mr. Bipeen Valame**

[bipeenvalame@sutlejt看textiles.com](mailto:bipeenvalame@sutlejt看textiles.com)

Lotus Corporate Park, Goregaon (East), Mumbai 400063



**Ms. Pooja Sharma / Ms. Hina Agarwal**

[pooja.sharma@stellar-ir.com](mailto:pooja.sharma@stellar-ir.com) / [hina@stellar-ir.com](mailto:hina@stellar-ir.com)

Kanakia Wall Street, Andheri (East), Mumbai 400 093