

STIL/

May 19, 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:- Q4 and FY 2017 Results Presentation

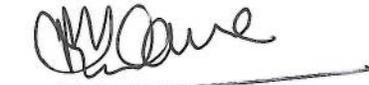
Dear Sirs,

Please find enclosed herewith a copy of the Results Presentation with respect to the Audited Q4 & FY 2017 Financial Results for the year ended 31st March, 2017.

Thanking you,

Yours faithfully,

For SUTLEJ TEXTILES AND INDUSTRIES LIMITED


(BIPEEN VALAME)

WHOLE TIME DIRECTOR & CHIEF FINANCIAL OFFICER





CHARGED TO
GROW HIGHER

**Investor Presentation
May 2017**



Safe Harbor

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Agenda

- Q4 & FY17 – Financial Highlights & Updates
- Corporate Overview
- Segment Presence – Yarn & Home Textile
- Annual Financial Performance
- Business Outlook

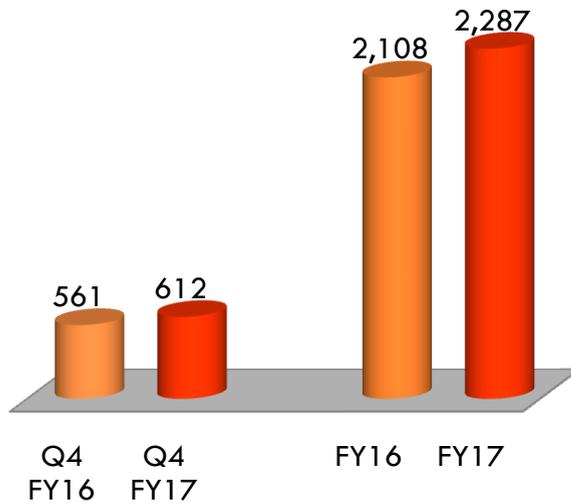


A photograph of a textile spinning factory. The image shows rows of yellow spindles (bobbins) hanging from a metal frame. Below the spindles, there are blue bobbins and various mechanical components of the spinning machinery. The background is a bright yellow wall. The number '36' is visible on a blue base of the machinery in the foreground.

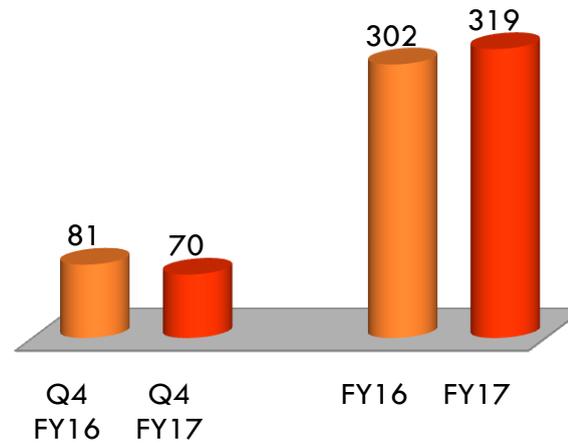
Q4 & FY17 – Financial Highlights & Updates

Q4 & FY17 - Financial Performance

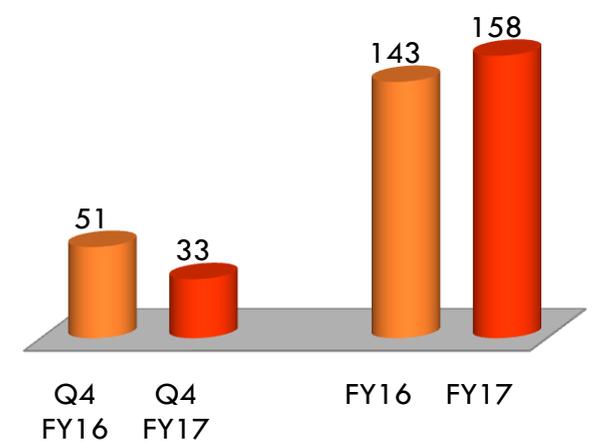
Total Income (Rs Cr)



EBITDA (Rs Cr)



PAT (Rs Cr)



Profitability Highlights

Rs. in Cr	Q4FY17	Q4FY16	FY17	FY16
Revenue from Operations	612	561	2,287	2,108
Raw Material Cost	351	312	1,263	1,204
Employee Cost	70	61	266	220
Other Expenses	121	107	439	382
EBITDA	70	81	319	302
EBITDA Margin (%)	11.4%	14.4%	14.0%	14.3%
Depreciation	22	21	85	80
Finance Cost	11	11	46	45
Profit Before Tax	37	49	188	177
Exceptional Items	-	4	-	4
Tax	4	-6	30	30
Net Profit After Tax	33	51	158	143
Net Profit Margin (%)	5.4%	9.1%	6.9%	6.8%
Earning Per Share (Rs.)	20	31	96	88

Balance Sheet Highlights

Rs. in Cr	Mar – 17	Mar – 16
Non-current assets	1,177	941
Fixed assets	1,140	877
Investments	28	26
Other Non Current assets	9	38
Current assets	868	734
Inventories	530	430
Trade receivables	242	211
Cash and bank balances	3	3
Other current assets	93	90
Total Assets	2,045	1,675

Rs. in Cr	Mar - 17	Mar – 16
Shareholder's Fund	816	683
Share capital	16	16
Reserves & Surplus	800	666
Deferred Govt. Subsidies	2	11
Non-current liabilities	536	442
Long term borrowings	513	427
Other non-current liabilities	23	26
Current liabilities	691	540
Short term borrowings	429	283
Other current liabilities	262	257
Total Liabilities	2,045	1,675

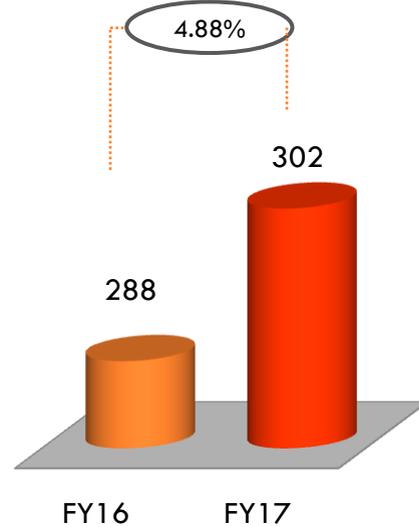
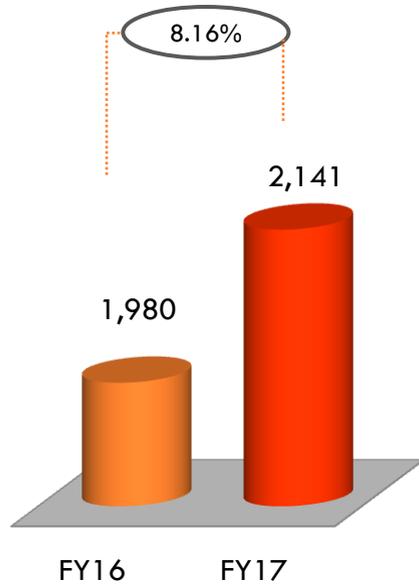
Segmental Break up

Revenue Share
95%

Yarn Segment

Revenue (Rs Cr)

EBITDA (Rs Cr)

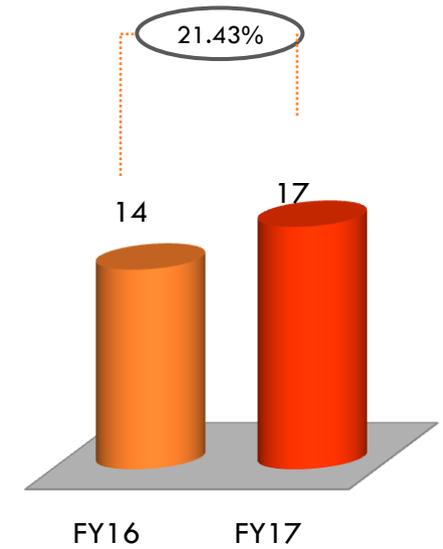
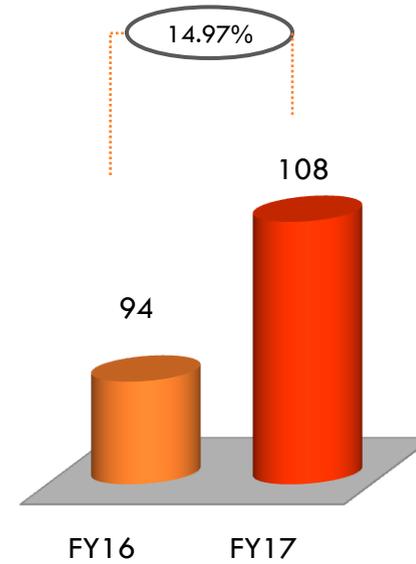


Revenue Share
5%

Home Textile Segment

Revenue (Rs Cr)

EBITDA (Rs Cr)



Comments on Quarterly Performance



Executive Chairman - Mr. C. S. Nopany

Commenting on the results, Mr. C.S. Nopany, Executive Chairman, Sutej Textiles and Industries Ltd said *“The challenging domestic business environment continued post demonetization well into Q4 of FY2017. The industry did start witnessing a slow revival of demand along with increase in raw material prices towards the end of Q4. Strong foreign currency inflows and the consequential strengthening of INR has put a dampener on exports creating more uncertainty. It is expected that margins would continue to be under pressure during H1 of FY 2018.*

I am happy that Sutej could withstand the pressure and has shown growth on YoY basis in FY2017. We continue to focus on enhancing our scale of operations in value added products, which will ensure consistent performance coupled with growth.”

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
- 17 no. Circular Knitting Machines will also be installed by June 2017.
- 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 expansion project of Home textile division at Bhilad completed in March 2017. Installed capacity increased to 9.6 million meters p.a.
- Total project cost of Rs. 88.50 crore 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

Key Business Updates

Brownfield project - Capacity Expansion of specialty synthetic yarn at Baddi, H.P.

- The Company's Board has approved brownfield capacity expansion of 28,800 spindles at its 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.60 crore during FY2017, towards technology up-gradation and debottlenecking, etc. This will result in further improvement in efficiency and sustaining plant utilization.
- Intends to deploy further amount of ~Rs.80 crore during FY18 towards technology up-gradation and debottlenecking, etc.

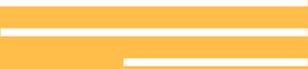
Key Business Updates

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

Leading Textile Player

India's largest Spun-dyed Yarn manufacturer

Presence across value chain – from Yarn to Home Textile

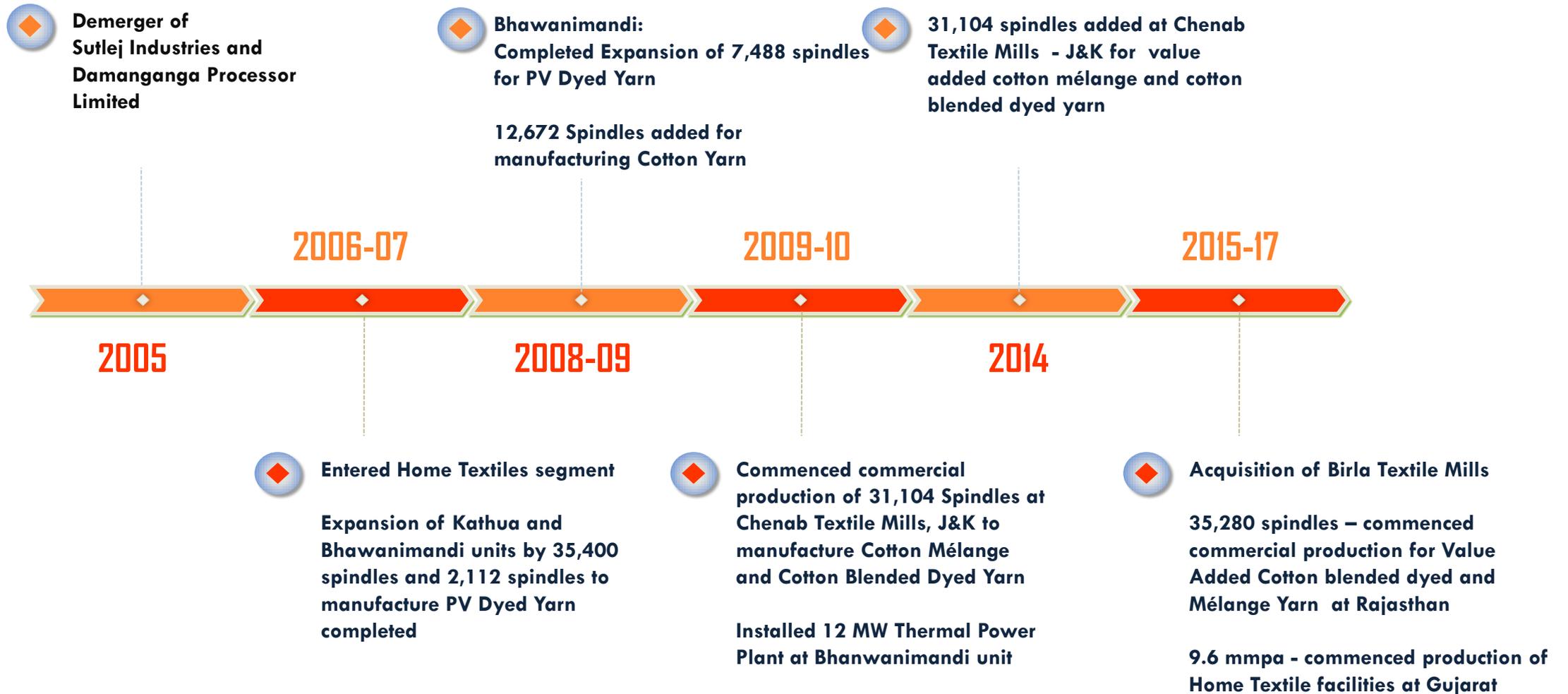
4,16,616 spindles capacity of Yarn

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

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. Mahmoodur
Rahman**

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 ...

...De-risk over dependence on few geography

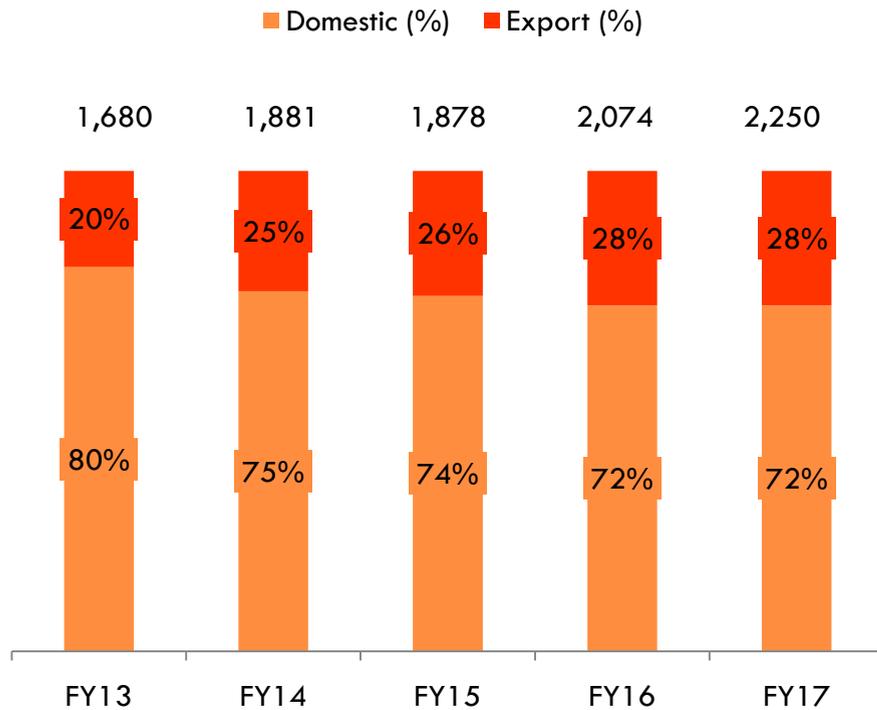
Evolved as vendor to...



...partner to leading textile solution providers

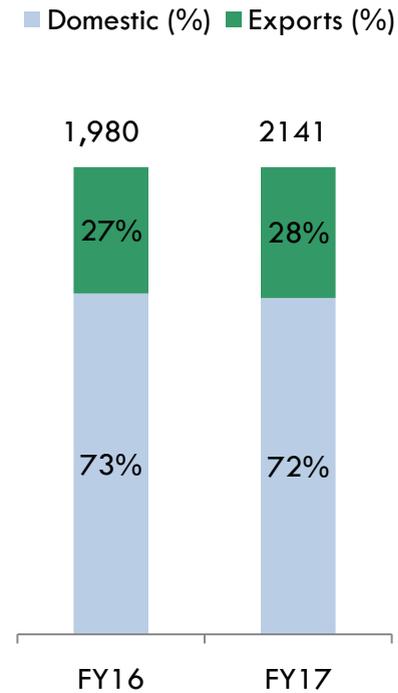
Headway towards Exports

Domestic & Export Revenue Break Up (Rs. Cr)

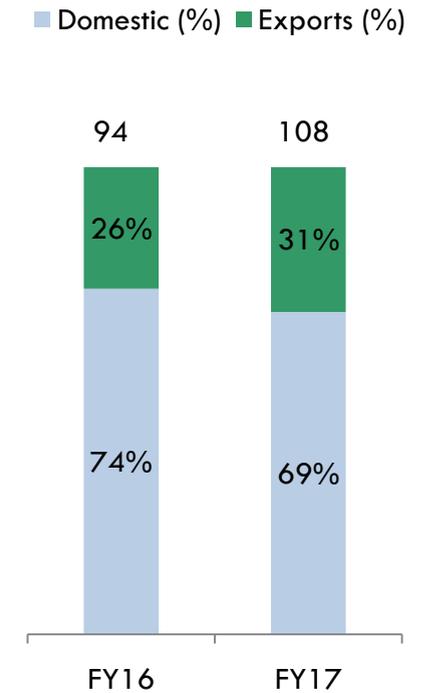


Yarn & Home Textile FY17 Revenue Break Up (Rs. Cr)

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



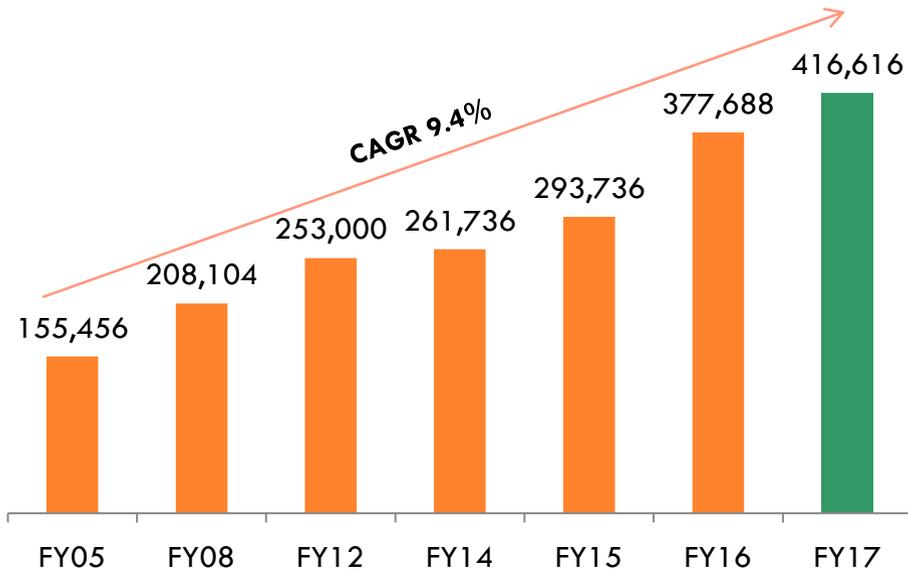


Segment Presence – Yarn & Home Textiles

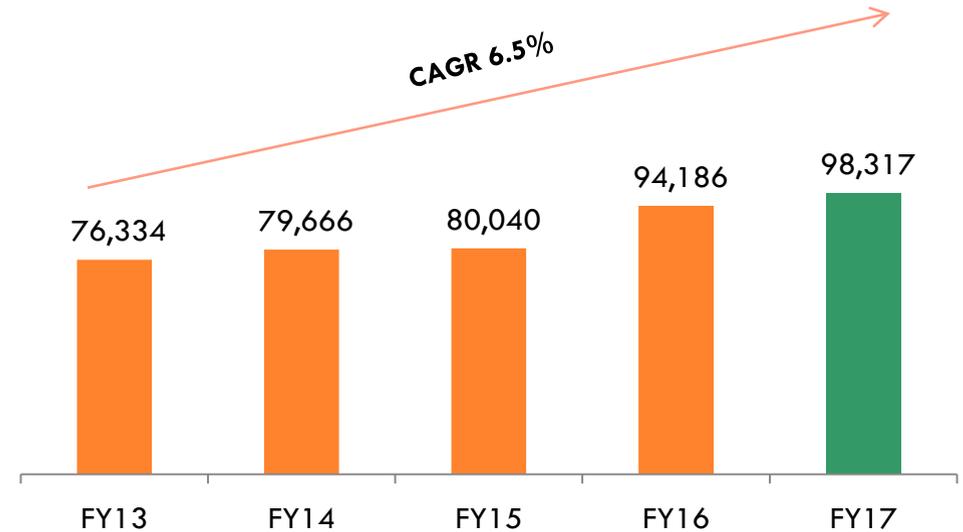


Yarn - Consistent capacity addition over the years

Spindles capacity



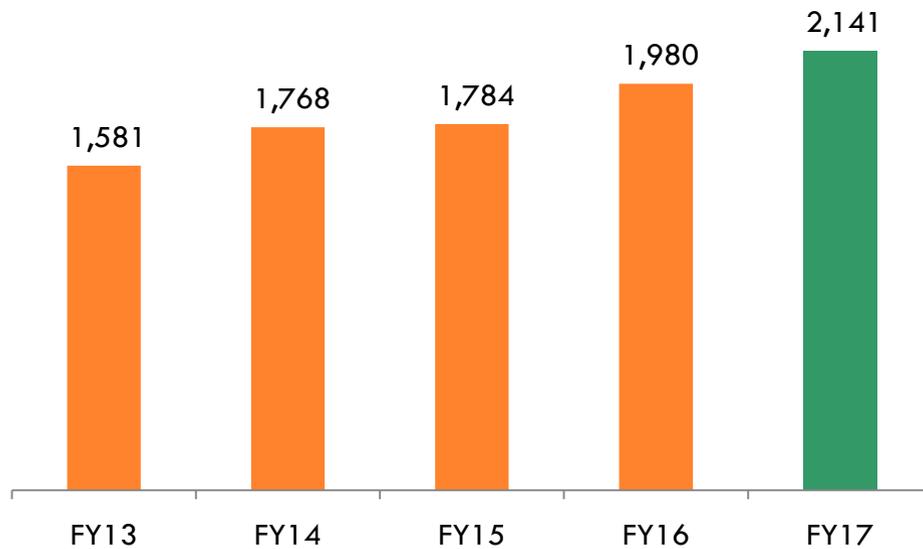
Sales (MT)



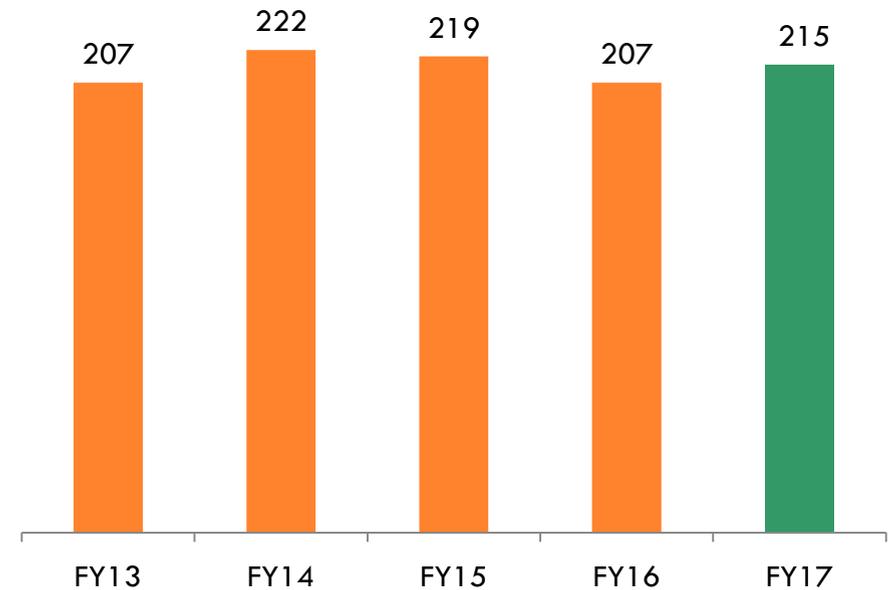
- Invested in modernization ~50% of spindle age are less than a decade old
- Increasing share of Value-added product portfolio of Cotton Mélange Yarn and Dyed Synthetic Yarn
- Larger Scale of Production leading to optimum utilization of resources

Registering strong growth in Yarn segment...

Revenue (Rs. Cr)



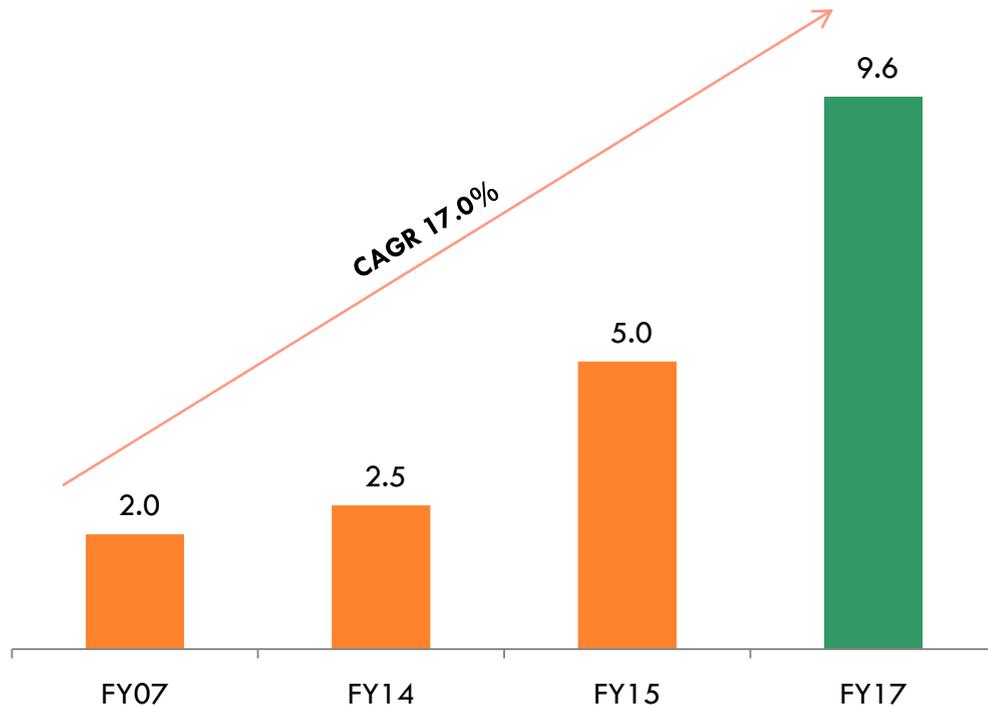
Average Sales Realisation (Rs / Kg)



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

Home Textiles - Entering Growth Orbit

Capacity (Million Meters Per Annum)



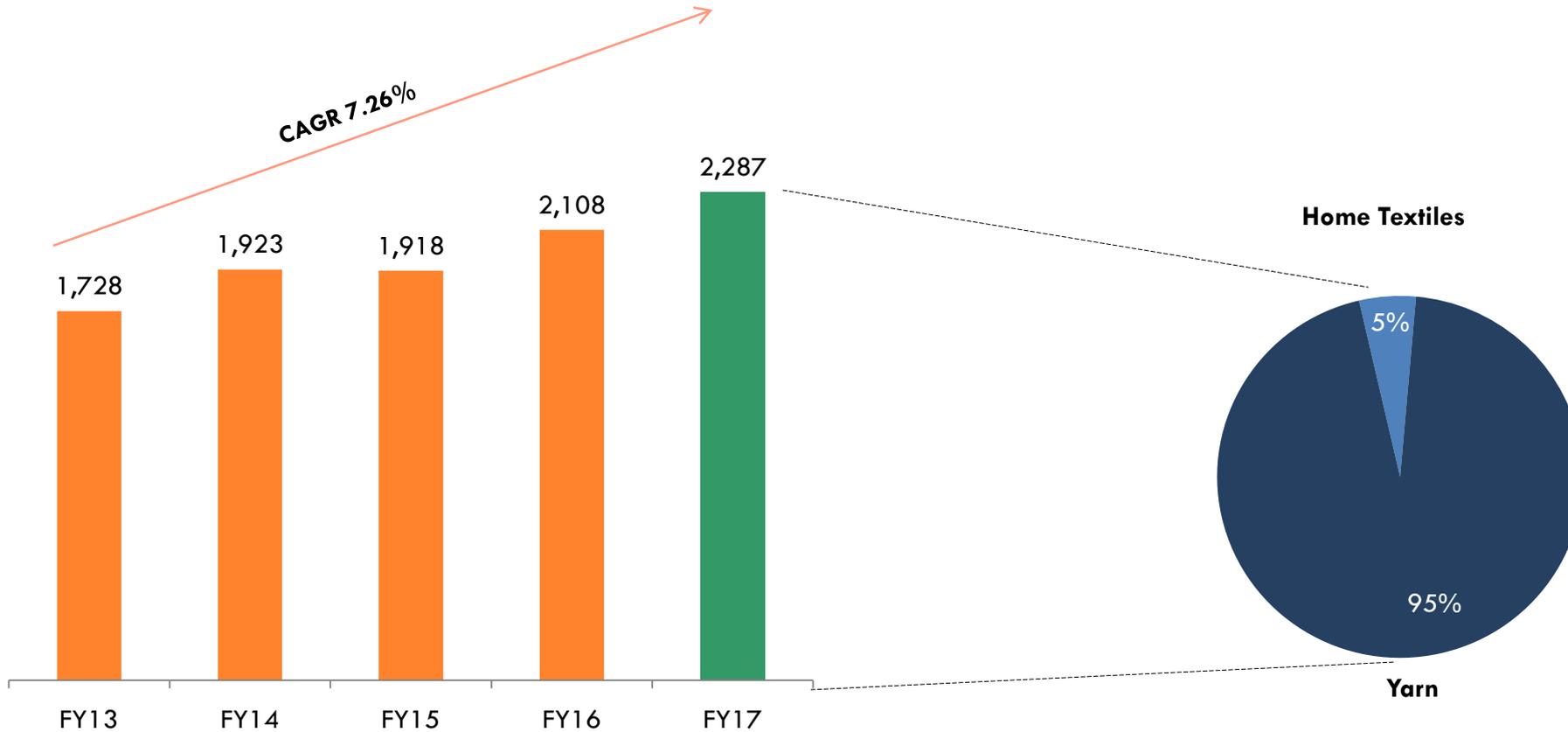
Bring economy of scale and strengthen Company's end to end offering

- 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.
- Product range includes
 - Curtain Fabrics
 - Upholstery Fabrics
 - Made-Ups
- Current Capacity utilisation over 80%
- Growing into a sizeable & profitable business
- Will Contribute 6-7% to the overall revenues of the Company



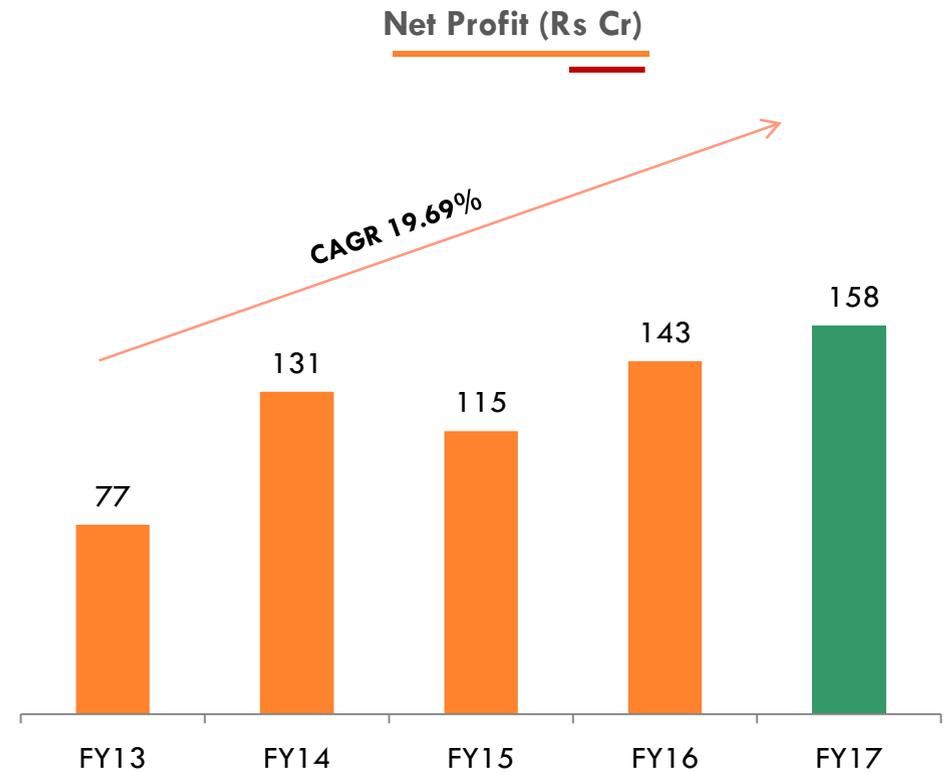
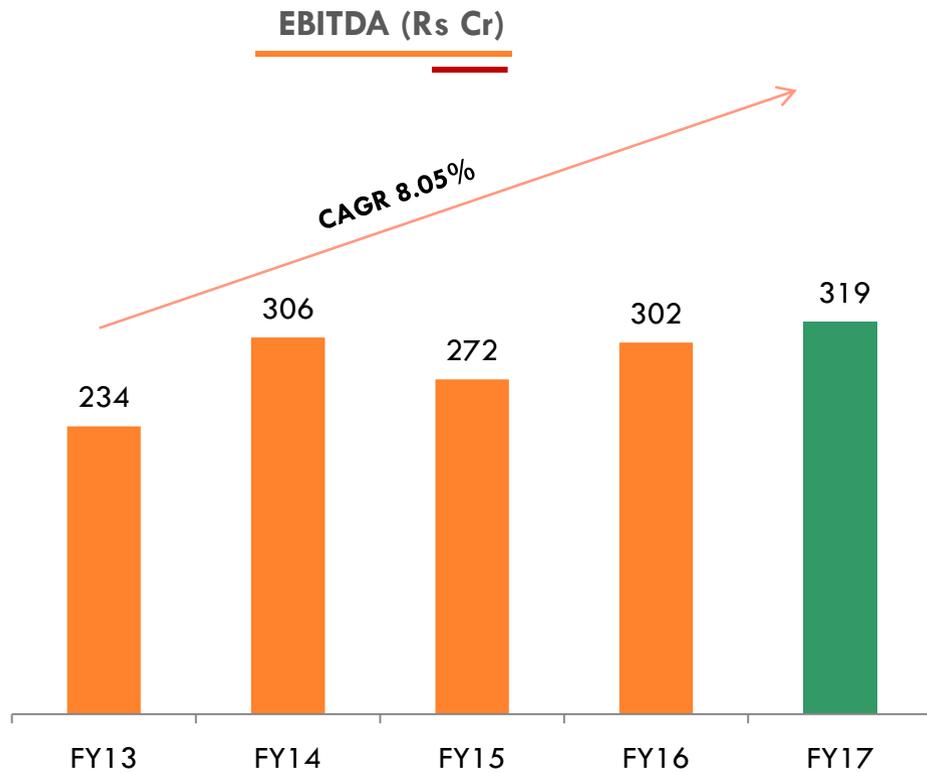
Annual Financial Performance

Total Income at new peak ...



Figures in Rs Crore

... Highest ever profitability

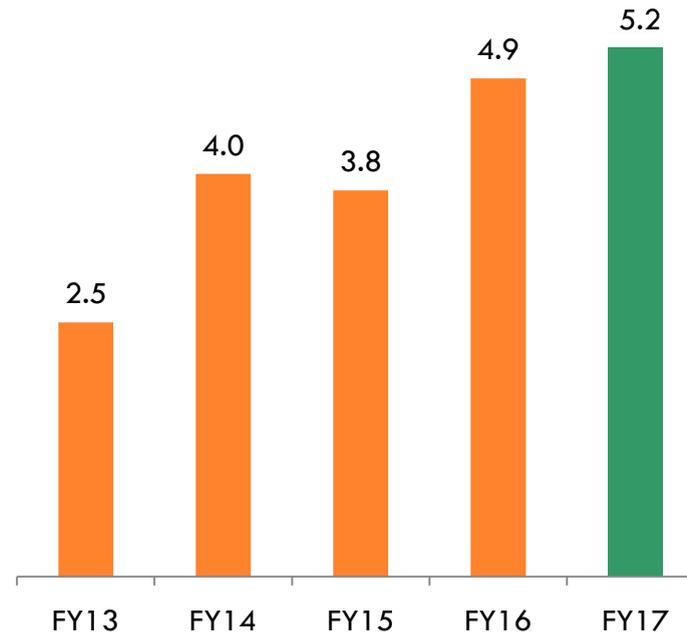


... and strong financial position

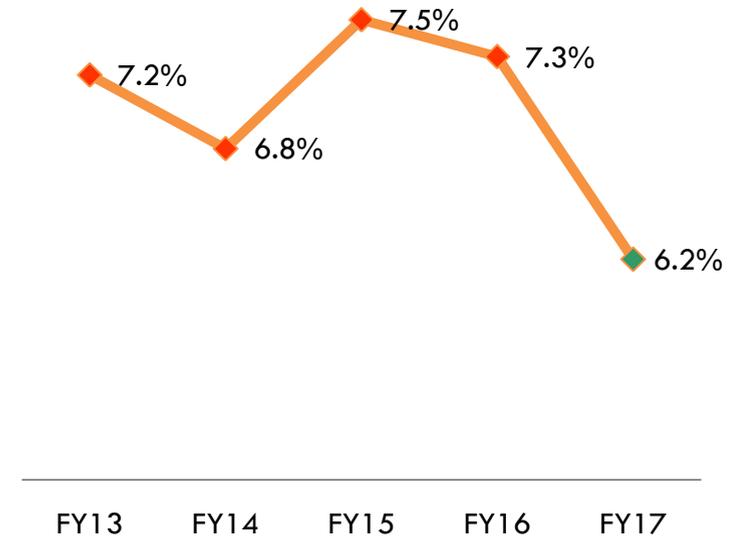
Comfortable Total Debt / Equity Ratio



Robust Interest Coverage

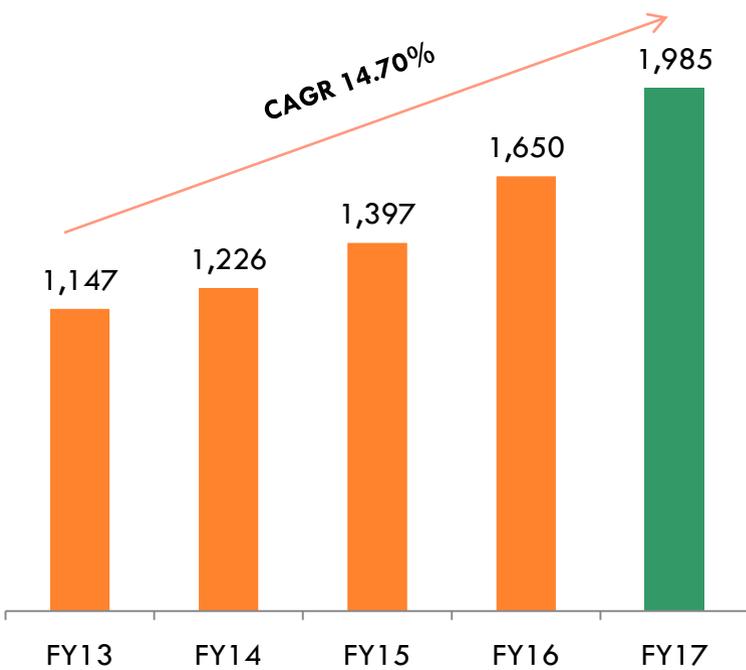


Average Interest Rate of Term Loans (After TUF)

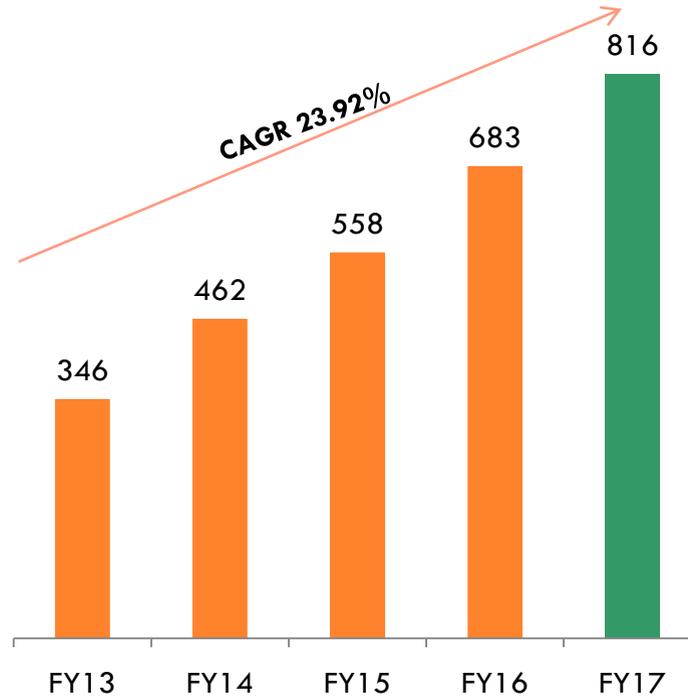


Strong Balance Sheet...

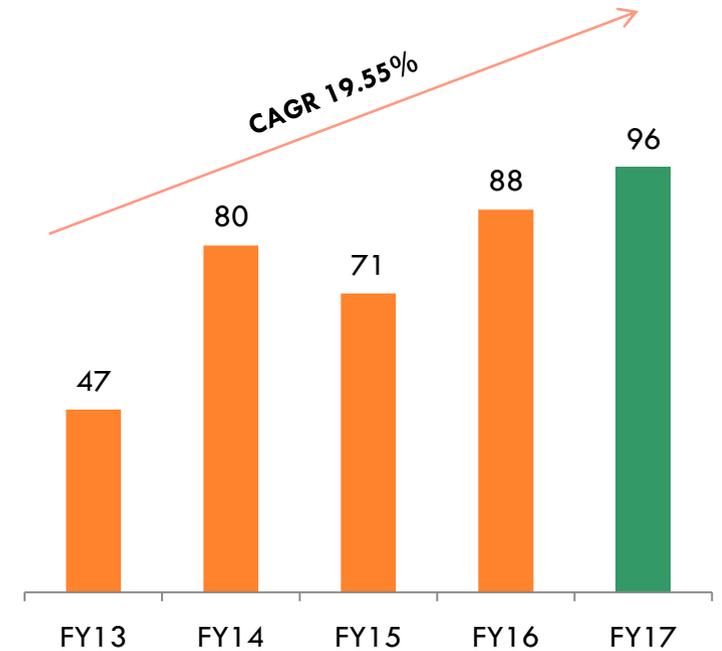
Growing Gross Block (Rs Cr)



Increasing Network (Rs Cr)



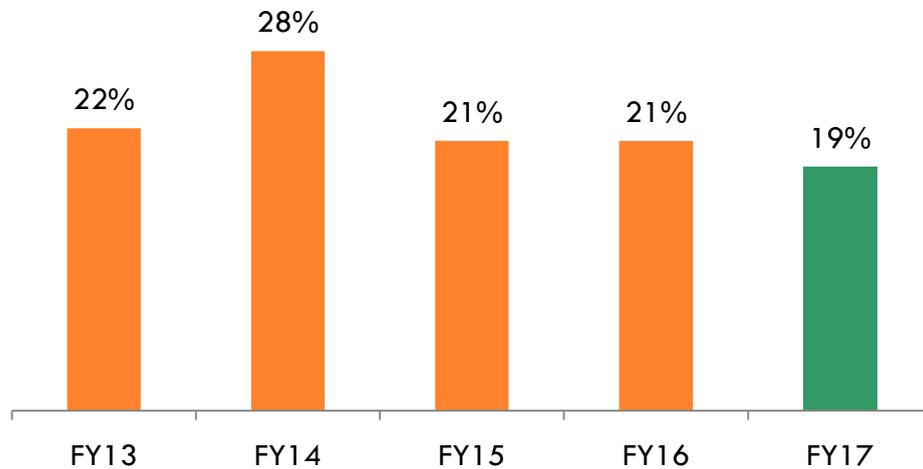
Surging Earning Per Share (Rs)



Continuous growth plan leading to consistent profitability

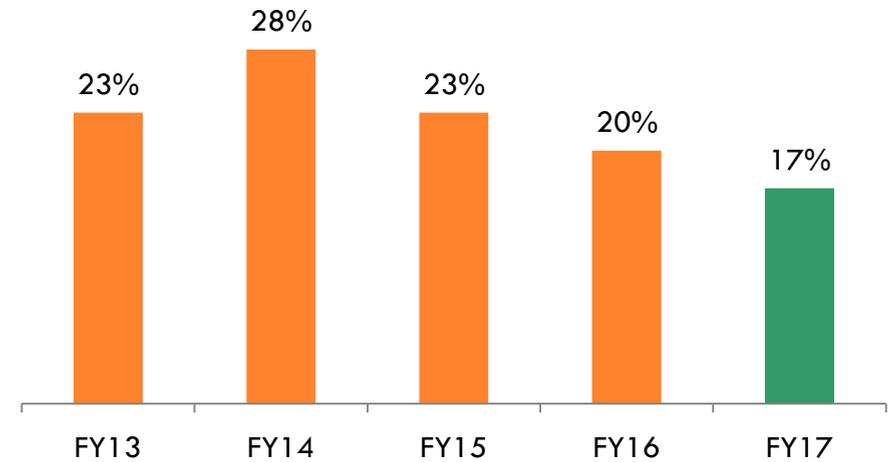
...with healthier return ratios in the industry

Return on Equity (RoE)



RoE = Profit After Tax / Networth

Return on Capital Employed (RoCE)

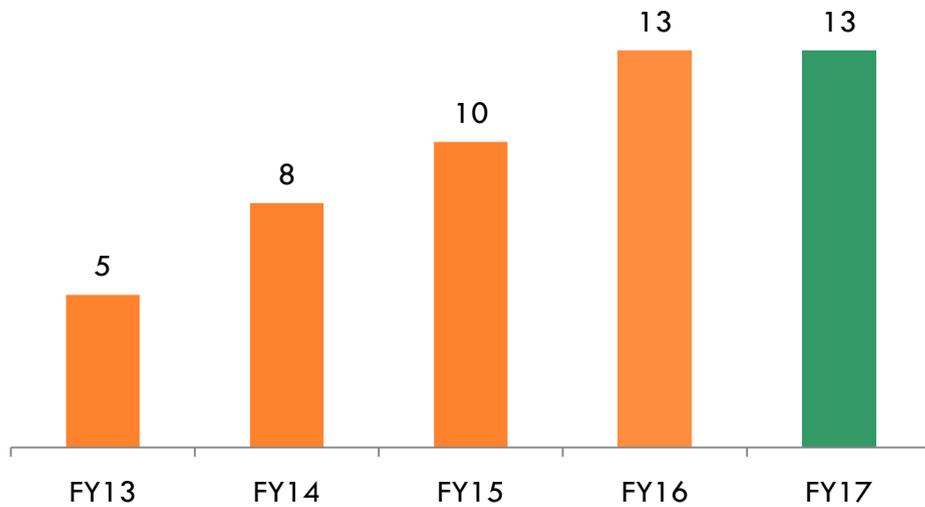


RoCE = EBITDA / Capital Employed (Networth + Debt)

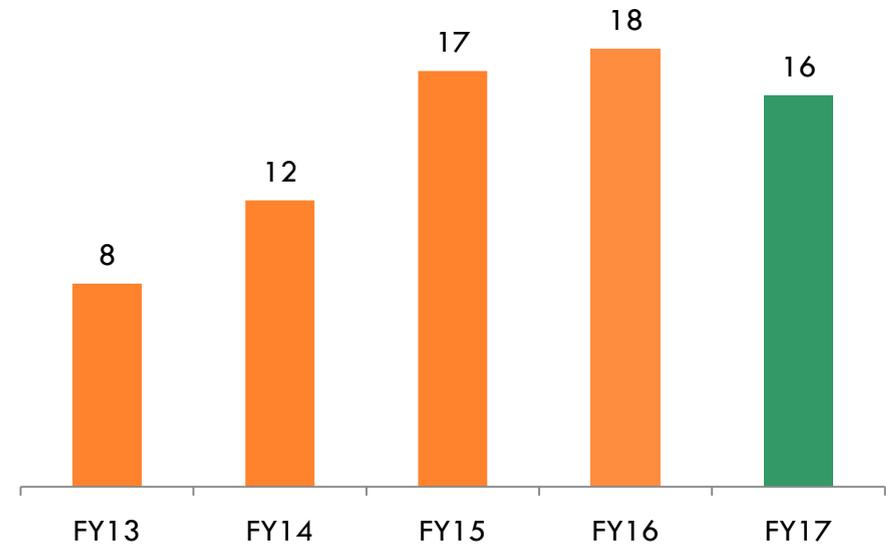
Generating Returns above 15%

Dividend history of the Company

Dividend Per Share (Rs)



Dividend Payout (%)



Board recommended Dividend of Rs.13 per equity share for FY17

Key financial highlights FY-15, FY-16 and FY-17

Particulars	Rs. in Cr			USD mn		
	FY15	FY16	FY17	FY15	FY16	FY17
Total Revenues	1,918	2,302	2,287	315	339	341
EBITDA	272	311	319	45	46	48
PAT	115	143	158	19	21	24
Total Assets	1,341	1,709	2,045	220	251	305
Net Worth	558	676	816	92	99	122
Long Term Debt	339	427	513	56	63	77
Total Debt	598	767	1,033	98	113	154
ROE	21%	21%	19%	21%	21%	19%
Long Term Debt – Equity	0.6	0.6	0.6	0.6	0.6	0.6
Interest Coverage	3.8	4.9	5.2	3.8	4.9	5.2
EPS - Basic & Diluted	70	87	96	1.1	1.3	96

USD calculations based on Average rate: FY15: Rs. 57/USD; FY16: Rs. 61/USD; FY17: Rs. 67/USD.



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

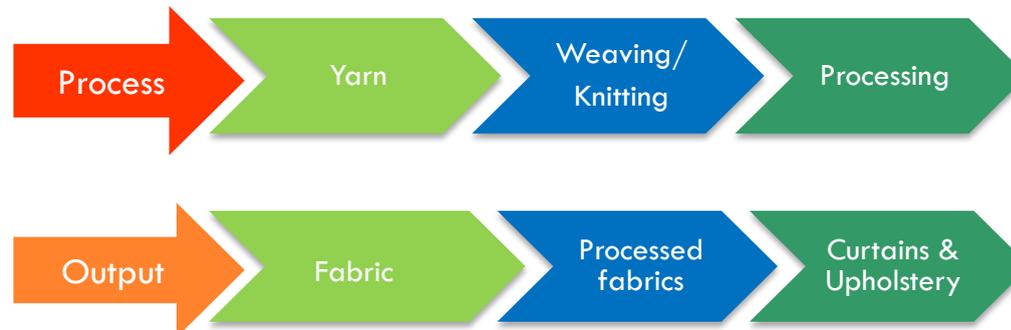
- Capacity addition of value added items
- Increased capacity under home textile business
- Focus on innovative product to drive margins and profitability
- Favourable demographics, resulting changing lifestyle and rising disposable income.

Sutlej Textiles - Value Chain



Offerings by Sutlej

Spun Dyed Yarn
&
Melange Yarn



Offerings by Sutlej

Curtains
&
Upholstery

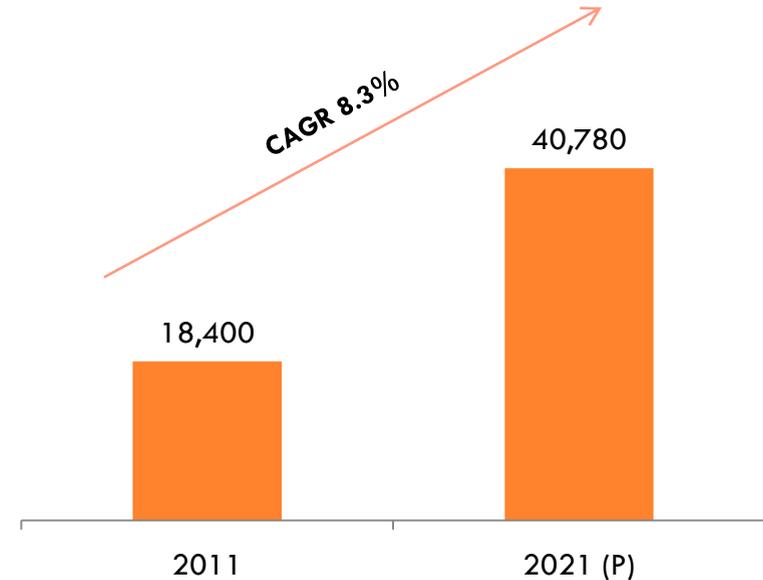
Domestic Home Textile Market - Large Opportunities

Category wise market break-up (Rs Cr)

Categories	2011	2021 (P)	CAGR (%)
Bed Linen	8,965	19,350	8.0
Towels	3,320	7,060	7.8
Curtains	1,850	4,790	10.0
Blankets	1,465	2,850	6.9
Upholstery	1,190	3,080	10.0
Kitchen Linen	1,110	2,400	8.0
Rugs & Carpets	500	1,250	9.6
Total	18,400	40,780	8.3

Source: Technopak

Indian Home Textile Industry (USD billion)



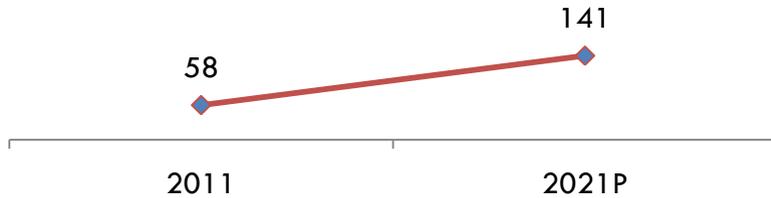
Indian Textile Sector - Present



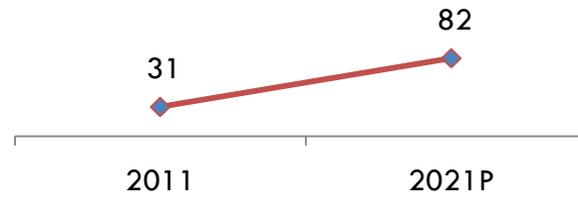
Source: MOT, IBEF April 2017 Report

Indian Textile Sector Potential

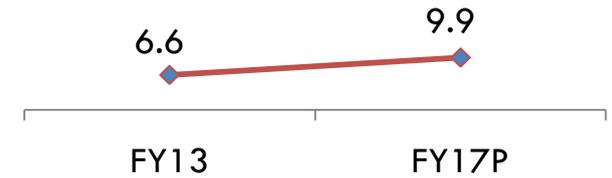
Domestic textile & apparel industry (\$ bn)



Textile & apparel exports (\$ bn)

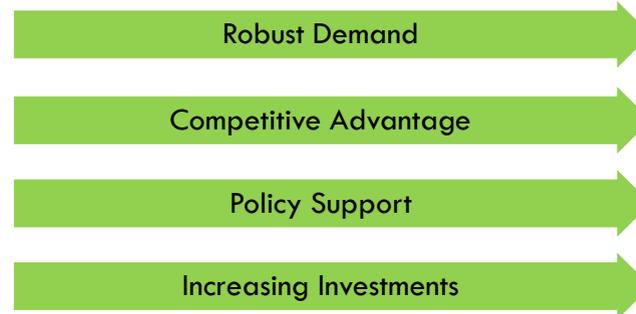


Total Fibre Production (Mn Kg)



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

**Market Value
(2016) : USD137 bn**



**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



Mr. Bipeen Valame

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Lotus Corporate Park, Goregaon (East), Mumbai 400063



Mr. Vikash Verma / Mr. Abhishek Bhatt

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