

14th May , 2018

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
---	--

Re:- Q4 and FY 2018 Results Presentation

Dear Sirs,

Please find enclosed herewith a copy of the presentation with respect to the audited results of the Company for Q4 and FY 2018.

Thanking you

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


Manoj Contractor
Company Secretary and Compliance Officer



K. K. Birla Group Company

sutlej

textiles and industries limited

Sutlej Textiles & Industries

proactive and prepared...

Investor Presentation | May 2018



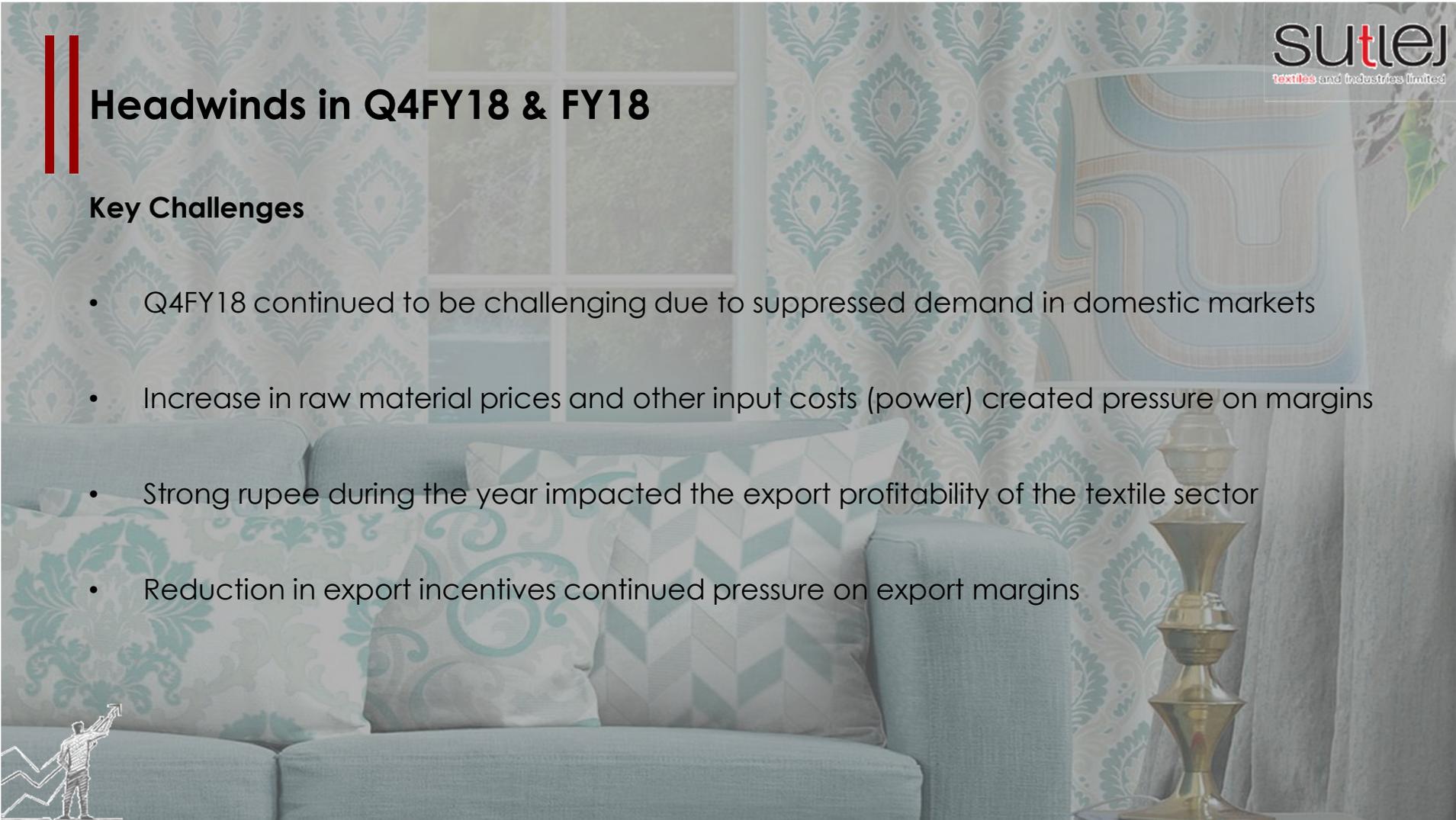
Agenda

1. Q4 & FY18 Performance
2. Sutlej at Glance
3. The 4 Pillars of Sutlej
4. Performance Ambition
5. Financial Highlights



Q4 & FY18 Performance





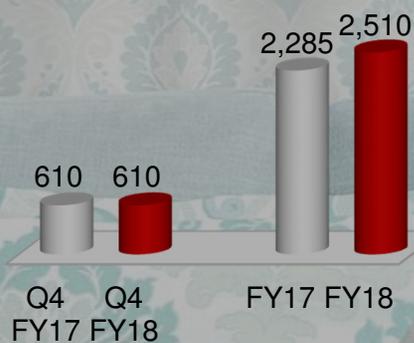
Headwinds in Q4FY18 & FY18

Key Challenges

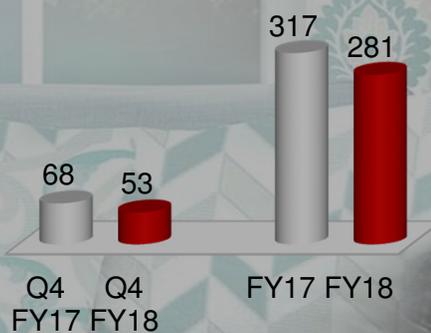
- Q4FY18 continued to be challenging due to suppressed demand in domestic markets
- Increase in raw material prices and other input costs (power) created pressure on margins
- Strong rupee during the year impacted the export profitability of the textile sector
- Reduction in export incentives continued pressure on export margins

Q4 & FY18 Financial Highlights

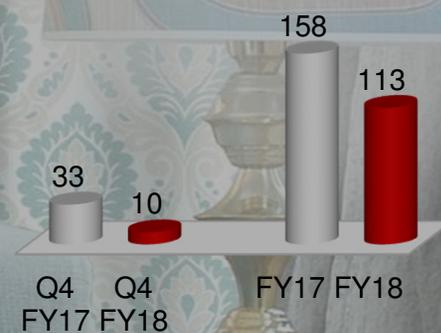
Total Income (Rs Cr)



EBITDA (Rs Cr)



PAT (Rs Cr)



- Margin remained under pressure due to:-
- ✓ Subdued demand in domestic markets
 - ✓ Increase in input prices
 - ✓ Exports margins under pressure due to stronger INR
 - ✓ Lower export incentives on exports



Key Performance Highlights – Q4 & FY18

FY18 on FY17 Revenue grown-up by 10%, the Yarn segment continues to give 95%+ of Revenue Share

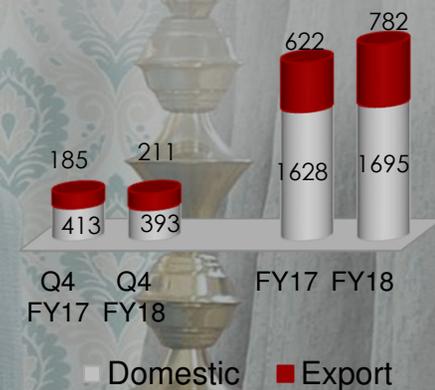
Yarn Sales (in MT) Up by 8% in FY18 at 95% utilization



Average Yarn Realization (Rs/kg) range bound in FY18 in spite of reduced yarn spread



Export Revenue Up by 22% in FY18 despite strong INR



Profitability Highlights

Rs. in Cr	Q4FY18	Q4FY17	Q3FY18	FY18 #	FY17
Income	610	610	604	2,510	2,285
Raw Material Cost	354	351	337	1,412	1,263
Employee Cost	73	70	78	303	266
Other Expenses	131	122	123	515	439
EBITDA	53	68	67	281	317
EBITDA Margin (%)	8.63%	11.07%	11.08%	11.20%	13.87%
Depreciation	27	22	27	107	85
Finance Cost	15	11	13	59	46
Profit Before Tax	10	34	27	115	186
Exceptional Items	-	2	-	42	2
Tax	1	3	11	44	31
Net Profit After Tax	10	33	16	113	158
Net Profit Margin (%)	1.60%	5.46%	2.71%	4.52%	6.91%
Earning Per Share (Rs.) \$\$	0.6	2.0	1.0	6.9	9.6

\$\$ Equity shares of face value of Rs.10 is sub-divided into face value of Rs.1 each and EPS is regrouped accordingly

The Company acquired American Silk Mills, LLC on 6th November 2017 and hence FY 2017-18 is first year of consolidation

Balance sheet

Rs. in Cr	Mar – 18 [#]	Mar – 17
Non-current assets	1,183	1,177
Fixed assets	1,125	1,140
Investments	51	28
Other Non Current assets	7	9
Current assets	1,005	868
Inventories	514	529
Trade receivables	335	242
Cash and bank balances	15	3
Other current assets	141	94
Total Assets	2,188	2,045

Rs. in Cr	Mar – 18 [#]	Mar – 17
Shareholder's Fund	907	816
Share capital	16	16
Reserves & Surplus	891	800
Non-current liabilities	555	538
Long term borrowings	509	513
Deferred tax liabilities	22	2
Other non-current liabilities	23	24
Current liabilities	727	691
Short term borrowings	438	429
Trade Payables	101	72
Other current liabilities	187	190
Total Liabilities	2,188	2,045

The Company acquired American Silk Mills, LLC on 6th November 2017 and hence FY 2017-18 is first year of consolidation



Executive Chairman's comments on FY18 performance



Executive Chairman - Mr. C. S. Nopany

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

"The fourth quarter of 2018 continued to be challenging due to suppressed demand. The strong rupee had a detrimental effect on the export viability of the textile sector which continues to have a lingering effect. Furthermore, increasing raw material prices and other input costs and reduction in export incentives have put pressure on margins as product prices remained subdued. I am hopeful that with the forecast of normal monsoon, the disruptions caused by GST behind us and the recent correction of the rupee, the demand will improve in FY 2018-19."



Key Business Updates during the Year

Setting up of Green Fibre project

- Recycled PSF Plant of 80 MT/Day Capacity
- Expected CAPEX ~Rs 110 Crore
- Expected to be completed in Q2FY20

Home Textiles Division – Acquisition of business in USA

- Company Invested USD 4.5 Million in Wholly Owned Subsidiary in USA
- Acquired Design, Sales, and Distribution (DS&D) business along with brand of American Silk Mills LLC (ASM) based at Plains, Pennsylvania. The acquisition will increase foot-print in the US market and will add strength of ASM to our Home textile portfolio



Key Business Updates during the Year

Modernization Update

- Invested around Rs. 60 crore during FY 18 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. 95 crore during FY19 towards technology up-gradation and debottlenecking etc.

Credit rating update during the year

- CARE reaffirmed rating to **CARE AA** for Long Term Bank Facilities (Term Loans) and for Long Term Bank facilities (Fund based) signifying **high degree of safety** regarding timely servicing of financial obligations. Such facilities carry very low credit risk.
- **CARE A1+** for Short Term Bank Facilities (Fund and Non Fund based) and Commercial Paper is reaffirmed signifying **very strong degree of safety** regarding timely payment. Such facilities carry lowest credit risk.





Sutlej at glance



Set our sights on emerging as a front-runner in the realm of global textiles by providing end to-end solutions – from yarns to home textiles

Aim to create maximum value for our customers so as to emerge as their partners-of-choice



Believe in challenging our limits and overcoming them

Also believe that as time changes, one must evolve one's thinking



Sutlej - Marching towards growth

India's one of the largest Spun-dyed Yarn manufacturer

Presence across value chain – from Yarn to Home Textile

4,18,680 spindles capacity of Yarn

9.6 Million Meters Per Annum capacity of Home Textiles

Global Presence over 65 countries across Europe, North America, South-East Asia

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



Driven by 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 Independent Non Exec Director
---	--

Key Executives

Mr. S.K. Khandelia President & CEO	Mr. Updeep Singh Deputy CEO	Mr. Bipeen Volame WTD and CFO	Mr. Manoj Contractor CS & Compliance Officer
--	---------------------------------------	---	--



Business Verticals



95% Revenue share

Yarn Segment

- India's one of largest Spun-dyed & Cotton Melange Yarn manufacturer
- **4,18,680** spindles capacity
- **Cotton Melange Yarn** Capacity 1,44,290 spindles
- Reputed clients - **B2B business**
- Capacity utilisation at **~95%**
- Average counts of yarn **27-28**



5% Revenue share

Home Textile Segment

- Focus on **Curtains & Upholstery**
- Capacity - **9.6 million metres**
- **Leading** producer & exporter of Home Decor
- Exports account of **33%**
- **Latest technology** in design & manufacturing processing facility with total 126 loom including 36 looms with double width



Best in class facilities

Location: Bhawanimandi, Rajasthan
Capacity:

- 35,280 Spindles (Cotton Mélange)
- 91,584 Spindles (Man –made Fibre)
- Roof top solar plant of 2.1 MW

Location: Daheli, Gujarat
Capacity:

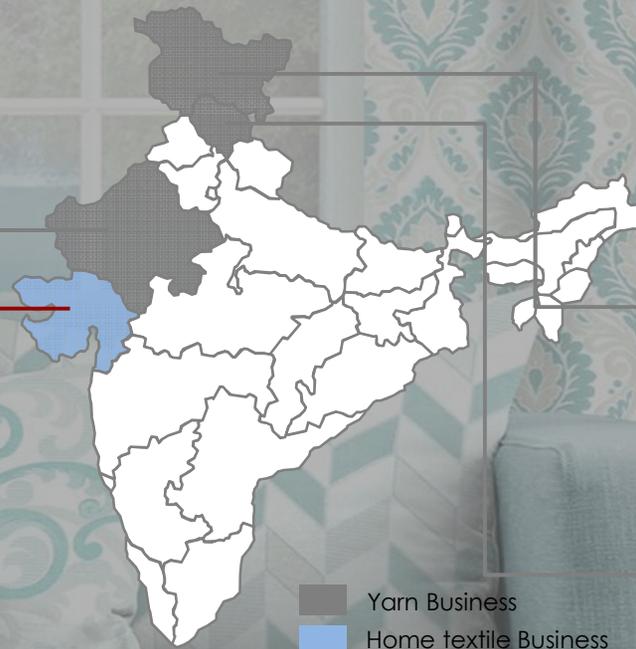
- 9.6 million metres p.a. (126 looms. Dobby 42 single width, rest all Jacquard)
- Processing facilities mainly 4 stenter, 28 jet, 24 jigger, 19 mechanical and various others

Location: Kathua, J&K
Capacity:

- 109,010 Spindles (Cotton Mélange)
- 99,430 Spindles (Man-made Fibre)

Location: Baddi, Himachal Pradesh
Capacity:

- 83,376 Spindles (Man-made Fibre)



Installed **Roof top solar plant of 2.1 MW** at new unit in Bhawanimandi, Rajasthan significant reduction in per unit cost compared to State tariff



Marquee Clients over the Globe

MARKS &
SPENCER

JCPenney

FABRIC TO FASHION
Siyaram's

DONEAR

Modal

LYCRA

sears

ADITYA BIRLA
GRASIM

pantaloons

COOLMAX

ARROW
USA 1851

Page Industries

ARVIND

raymond





“ We are happy to announce that Sutlej is awarded as Leading Export House by TEXPROCIL ”

About TEXPROCIL: TEXPROCIL has been the international face of cotton textiles from India facilitating exports worldwide, Texprocil has a membership of ~3,000 companies spread across major textile clusters in India. Its members are well established manufacturers and exporters of cotton textile products.

The 4 Pillars of Suttlej

Segment Focus & Innovation

Geographic Footprint

Balance Sheet Integrity

Continuous Reinvestment

Segment Precision and Innovation

Graduated to products addressing **lifestyle preferences**

Focus on niche cotton blended dyed and cotton melange yarns

Value-added yarn revenues increased from **24% in FY12 to 36% in FY18**

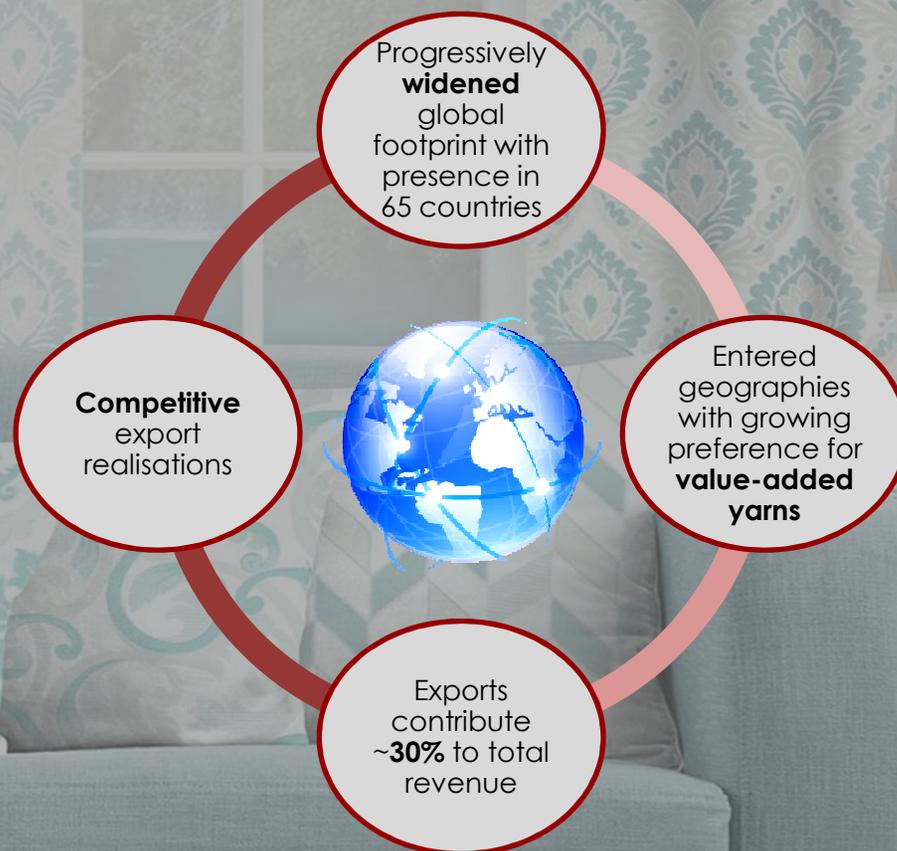
Foray into contemporary **home textiles**

Focus on growing new market niches

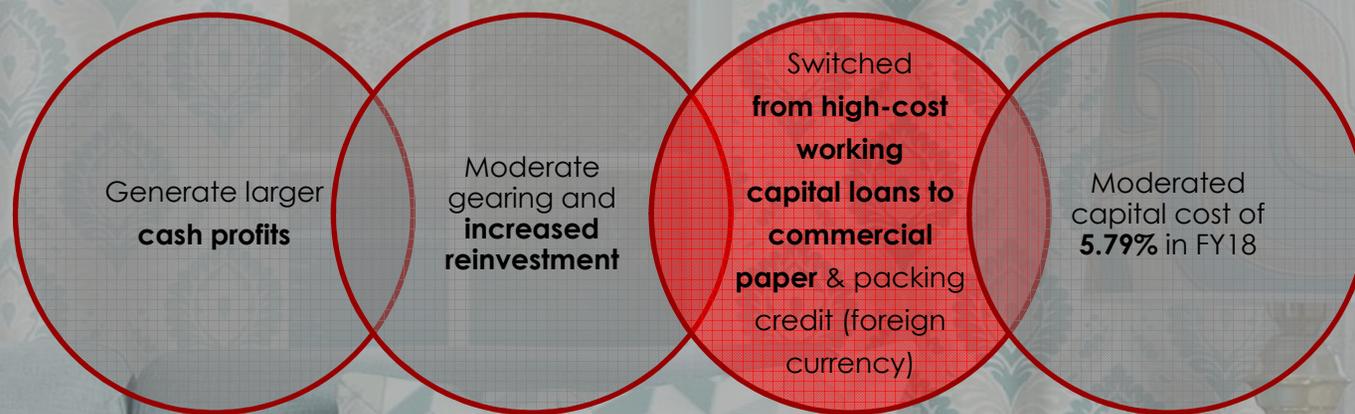
... the Company continue to focus on innovative products to meet customer requirements



Expanding Geographic footprint



Balance Sheet Robustness



	FY12	FY14	FY17	FY18
Total Debt to Equity (x)	2.58	1.36	1.27	1.15
Average borrowing Cost (%)	8.18	8.55	5.88	5.79
Interest cover (x)	2.56	5.26	6.99	4.75
Credit Rating (CARE Ratings)	BBB	BBB	AA	AA



Continuous re-investment

Graduated to **non-linear (home textiles) investments**

Re-invested **depreciation provision** into capex

Sustained investment led Sutlej into **largest dyed yarn** company in India

Enhanced efficiency by investing in cutting-edge technologies

Investments **enriched product** mix (superior yarns and home textiles)

	FY12	FY14	FY17	FY18
Total Spindles	2,53,000	2,61,736	4,16,616	4,18,680
Propionate of Spindles less than 5 years old (%)	40	15	39	38
Home Textile Capacity (MMT)	2.5	2.5	9.6	9.6





Performance Ambition

Performance Ambition

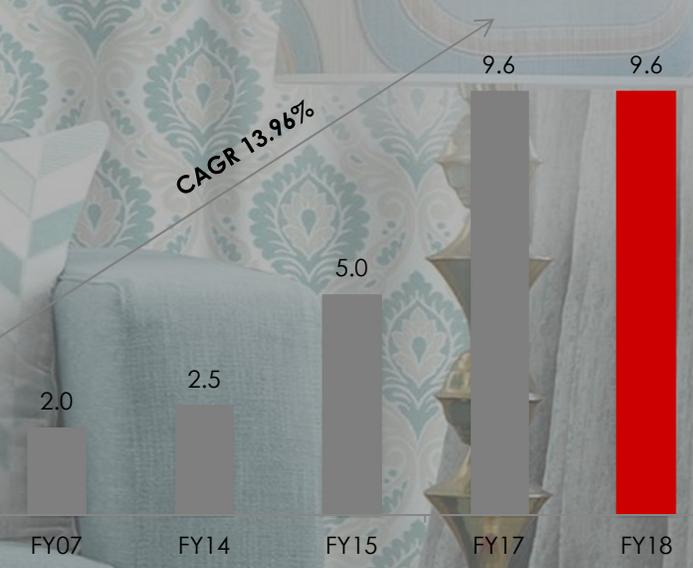


Sustainable & conscious capacity expansion...

Yarn Spindles Capacity



Home Textile Capacity



...led to leadership in niche segment

Dyed Yarn

- Leading producer of spun-dyed yarn
- Sutlej's Dyed yarn spindle Capacity 274,390

Melange Yarn

- Largest producer of Melange Yarn in India
- Sutlej's Melange yarn spindle capacity 144,290



Sustainable business model...

Efficient Inventory management

Large & Major orders on **contract basis**

Safe Customers

Majority sales to Marquee clients - **B2B business**

Optimum level of raw material(Cotton)

Cotton Inventory of **~60 days**

Geographically Diversified Revenues

Domestic - **70%**
Export - **30%**

Catalogue sales in Home textile

Avoids large inventory and better cost control
Helps in efficient **Working Capital** Management



...Foray into new growth opportunities

Green Fibre project to manufacture polyester staple fibre at Samba, Jammu and Kashmir



Presence of Sutlej

Brief rationale for the project -

- Better quality fibre
- Sustainable supply
- 100% captive consumption
- Savings in cost and GST utilization

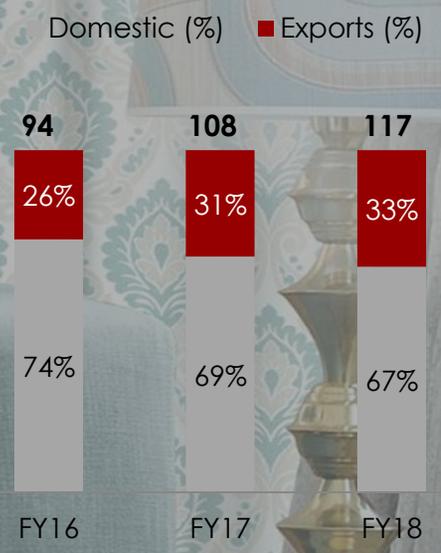
Project details	
Capacity	29,200 MTPA/80 TPD
CAPEX (Rs. Cr)	~110 crore



...Augmenting Home Textile segment



Home Textile Revenue Break up (Rs. In Crs)



Acquisition of Design, Sales & Distribution business of "American Silk Mills" to increase footprint in USA market

Industry Overview

Indian Textile Industry Overview

\$137 bn Indian Textile sector current size

2nd Largest employment generator, Employs 45 mn people directly

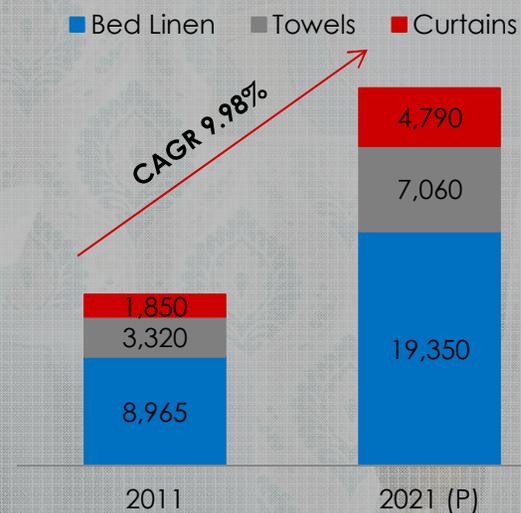
50 Million spindles along with 842,000 Rotors capacity ~3,400 mills

15% Share in country's export earnings

14% Contribution to India's manufacturing production

4% Contribution to India's gross domestic product

Indian Home Textile Industry (USD billion)



Source: MOT, IBEF

Industry outlook

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





Financial Highlights

Enhancing value across the years

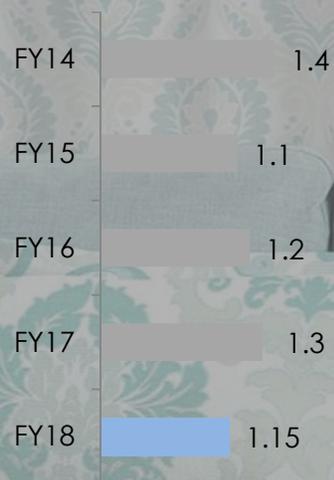
Revenue		EBITDA		PAT			
FY14	1,923	FY14	15.9%	306	FY14	6.8%	131
FY15	1,918	FY15	14.2%	272	FY15	6.0%	115
FY16	2,108	FY16	14.3%	302	FY16	6.8%	143
FY17	2,285	FY17	13.9%	317	FY17	6.9%	158
FY18*	2,510	FY18*	11.2%	281	FY18*	4.5%	113

*The Company acquired American Silk Mills, LLC on 6th November 2017 and hence FY 2017-18 is first year of consolidation



Maintained low leverage despite continuous expansion

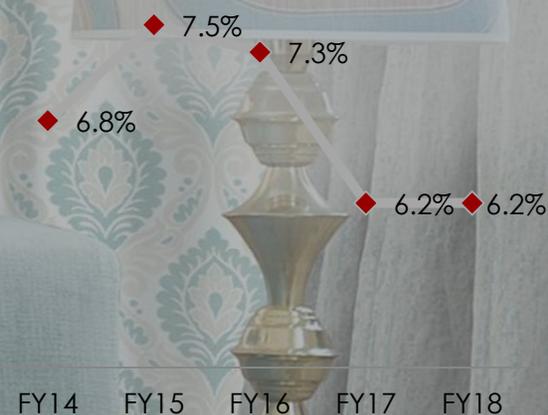
Total Debt/Equity Ratio



Robust Interest Coverage

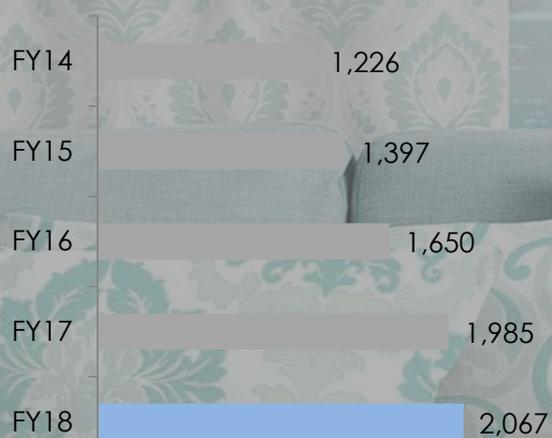


Average Interest Rate of Term Loans (After TUF)



Continuous re-investment helps in better earnings growth

Gross Block (Rs Cr)



Net Worth (Rs Cr)



Adjusted EPS (Rs.1 per share)



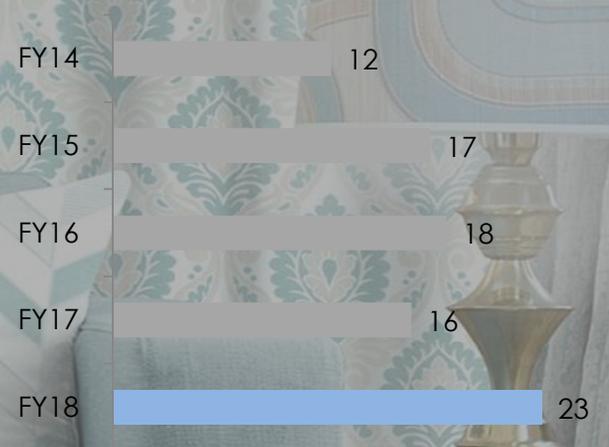


Enhancing value for Stakeholders

Dividend Per Share (Rs)



Dividend Payout (%)



* Dividend declared Rs.1.30 on FV of Rs.1 per share post split. Depiction is for visual and comparative purpose only.



Sutlej's CSR Activities



Sutlej spent Rs. 6.32 cr on societal activities during FY17



Fountain at Birla Chowk, Jharmajri, Baddi (H.P.)

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

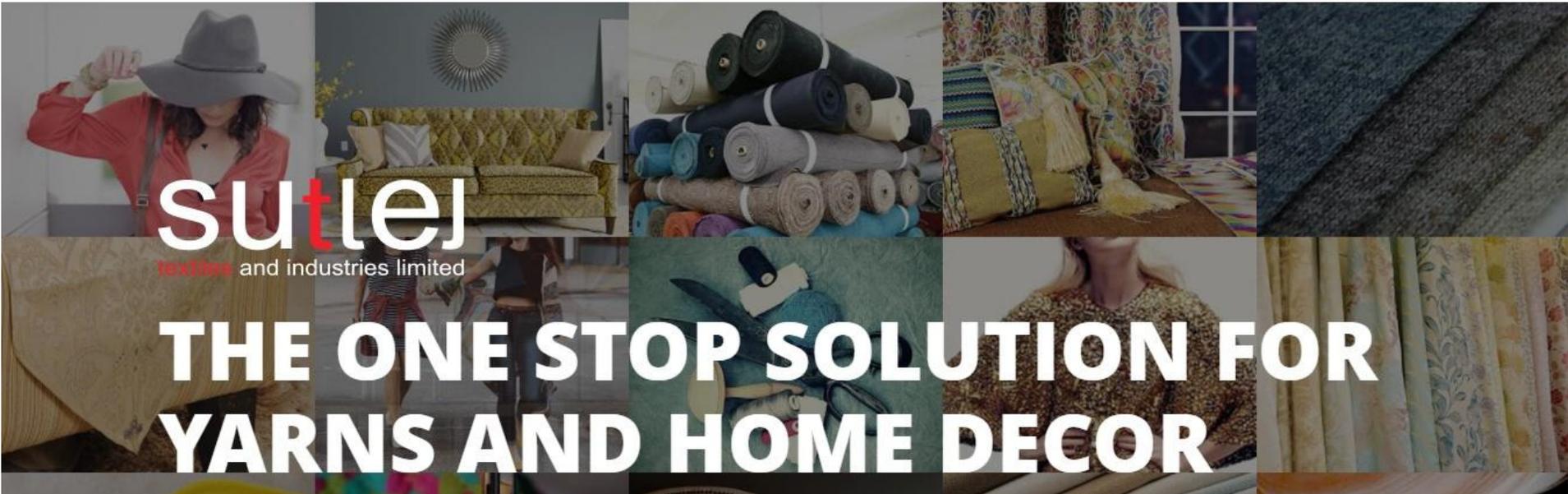
We provide scholarships and cash awards to girl students to promote their education, in addition to distributing books and bags to deserving under-privileged students

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



sutlej
textiles and industries limited

**THE ONE STOP SOLUTION FOR
YARNS AND HOME DECOR**

Let's Connect



sutlej
textiles and industries limited

Mr. Bipeen Valame

bipeenvalame@sutlejtextiles.com

Lotus Corporate Park, Goregaon (East), Mumbai 400063

 **STELLAR**
INVESTOR RELATIONS

Mr. Vikash Verma / Mr. Abhishek Bhatt

vikash.verma@stellar-ir.com abhishek@stellar-ir.com

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

For more information visit: www.sutlejtextiles.com