

09<sup>th</sup> May, 2019

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. <b>Scrip Code: 532782</b>	<b>National Stock Exchange of India Limited</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>
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**Re:- Q4 and FY 2019 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 2019.

Thanking you

Yours faithfully  
For Sutlej Textiles and Industries Limited

Manoj Contractor  
Company Secretary and Compliance Officer



Encl: a/a



Sutlej Textiles and Industries Ltd.

*Charged to Grow Higher*

Q4 & FY19 Investor Presentation | May 2019

# Safe Harbor

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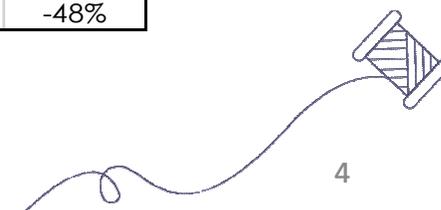


# Profitability Highlights

Rs. in Cr	Standalone						Consolidated		
	Q4 FY19	Q4 FY18	YoY %	FY19	FY18	YoY %	FY19	FY18	YoY %
<b>Total Income</b>	<b>617</b>	<b>610</b>	<b>1%</b>	<b>2589</b>	<b>2488</b>	<b>4%</b>	<b>2642</b>	<b>2510</b>	<b>5%</b>
Raw Material Cost	354	354	0%	1503	1396	8%	1541	1412	9%
Employee Cost	78	73	7%	319	299	7%	330	303	9%
Other Expenses	128	131	-2%	521	512	2%	531	515	3%
<b>EBITDA</b>	<b>57</b>	<b>53</b>	<b>8%</b>	<b>247</b>	<b>281</b>	<b>-12%</b>	<b>240</b>	<b>281</b>	<b>-15%</b>
<b>EBITDA Margin (%)</b>	<b>9.3%</b>	<b>8.6%</b>	<b>70 bps</b>	<b>9.5%</b>	<b>11.3%</b>	<b>-180 bps</b>	<b>9.1%</b>	<b>11.2%</b>	<b>-210 bps</b>
Depreciation	24	27	-9%	101	107	-6%	101	107	-6%
Finance Cost	13	15	-14%	57	59	-4%	57	59	-4%
<b>Profit Before Tax</b>	<b>20</b>	<b>10</b>	<b>100%</b>	<b>90</b>	<b>115</b>	<b>-22%</b>	<b>83</b>	<b>115</b>	<b>-28%</b>
Exceptional Items	0	-	-	0	42	-100%	0	42	-100%
Tax	5	1	409%	24	44	-45%	24	44	-45%
<b>Net Profit After Tax</b>	<b>15</b>	<b>10</b>	<b>49%</b>	<b>66</b>	<b>113</b>	<b>-42%</b>	<b>58</b>	<b>113</b>	<b>-48%</b>
<b>Net Profit Margin (%)</b>	<b>2.4%</b>	<b>1.6%</b>	<b>80bps</b>	<b>2.5%</b>	<b>4.5%</b>	<b>-200 bps</b>	<b>2.2%</b>	<b>4.5%</b>	<b>-230 bps</b>
Earning Per Share (Rs.)	0.9	0.6	52%	4.0	6.9	-42%	3.6	6.9	-48%

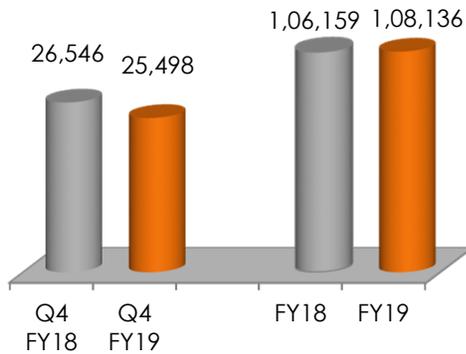
## Quarterly performance

EBITDA margins witnessed marginal improvement due to efficient use of power units and roof top solar at RTM

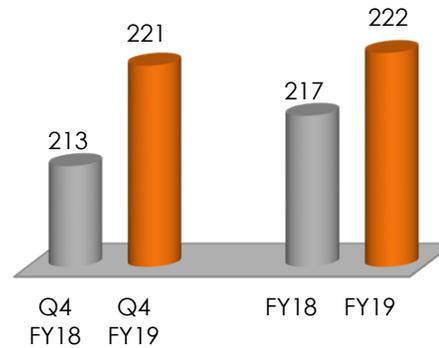


# Key Performance Highlights – Q4 & FY19

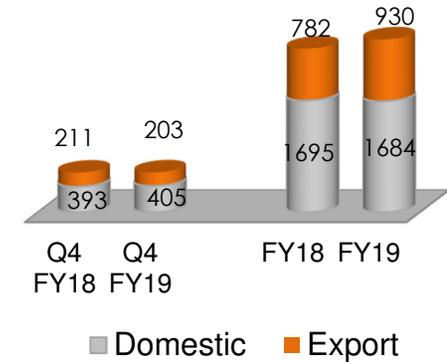
**Yarn Sales (in MT) Up by 2% in FY19**



**Average Yarn Realization (Rs/kg) Up by 2% in FY19**

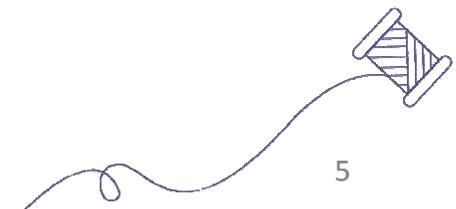


**Export Revenue Up by 19% in FY19**



- Yarn continues to contribute over 95% of the revenues
- Sales for the year led by exports which grew by 19%.
- Exports contributed 36% in FY19 as against 32% in FY18
- FY19 margins impacted due higher raw material prices, sluggish demand and subdued performance of the Home Textiles division

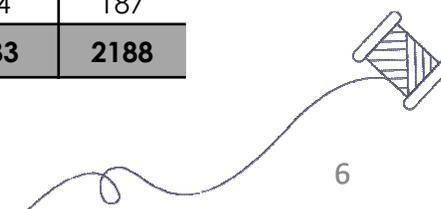
Note: Q4 FY18 & Q4 FY19 standalone while FY18 and FY19 are consolidated



# Balance sheet

Rs. in Cr	FY19	FY18
<b>Non-current assets</b>	<b>1128</b>	<b>1184</b>
Fixed assets	1082	1126
Investments	26	51
Other Non Current assets	19	7
<b>Current assets</b>	<b>1005</b>	<b>1005</b>
Inventories	565	514
Trade receivables	305	335
Cash and bank balances	10	15
Other current assets	124	141
<b>Total Assets</b>	<b>2133</b>	<b>2188</b>

Rs. in Cr	FY19	FY18
<b>Shareholder's Fund</b>	<b>942</b>	<b>907</b>
Share capital	16	16
Reserves & Surplus	925	891
<b>Non-current liabilities</b>	<b>496</b>	<b>555</b>
Long term borrowings	437	509
Deferred tax liabilities	29	22
Other non-current liabilities	30	23
<b>Current liabilities</b>	<b>695</b>	<b>727</b>
Short term borrowings	381	438
Trade Payables	121	101
Other current liabilities	194	187
<b>Total Liabilities</b>	<b>2133</b>	<b>2188</b>



# Executive Chairman's comments

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Executive Chairman - Mr. C. S. Nopany

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

*"The challenging business environment for the Textile Industry continued during the year due to subdued demand. The situation was further aggravated by unprecedented fluctuations in raw material prices and exchange rates that created even more uncertainty and further dampened market sentiments. This resulted in intense competition, subdued product prices and lower margins. We could counter these challenges to a large extent because of our varied product mix and value added yarns. Sutlej will continue to focus on consolidating its operations and improving efficiencies all around during this phase of a prolonged recession."*



Sutlej

*Creation of a Strong Foundation over the years*



# Sutlej Textiles - Overview

## Largest

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

## Niche Presence

High value added dyed yarn and presence across all types of  
spun yarn

Presence in niche curtains and upholstery in Home Textile segment

## Exports to + 65 countries

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

## Substantial Capacities

4,20,840 spindles capacity of Yarn

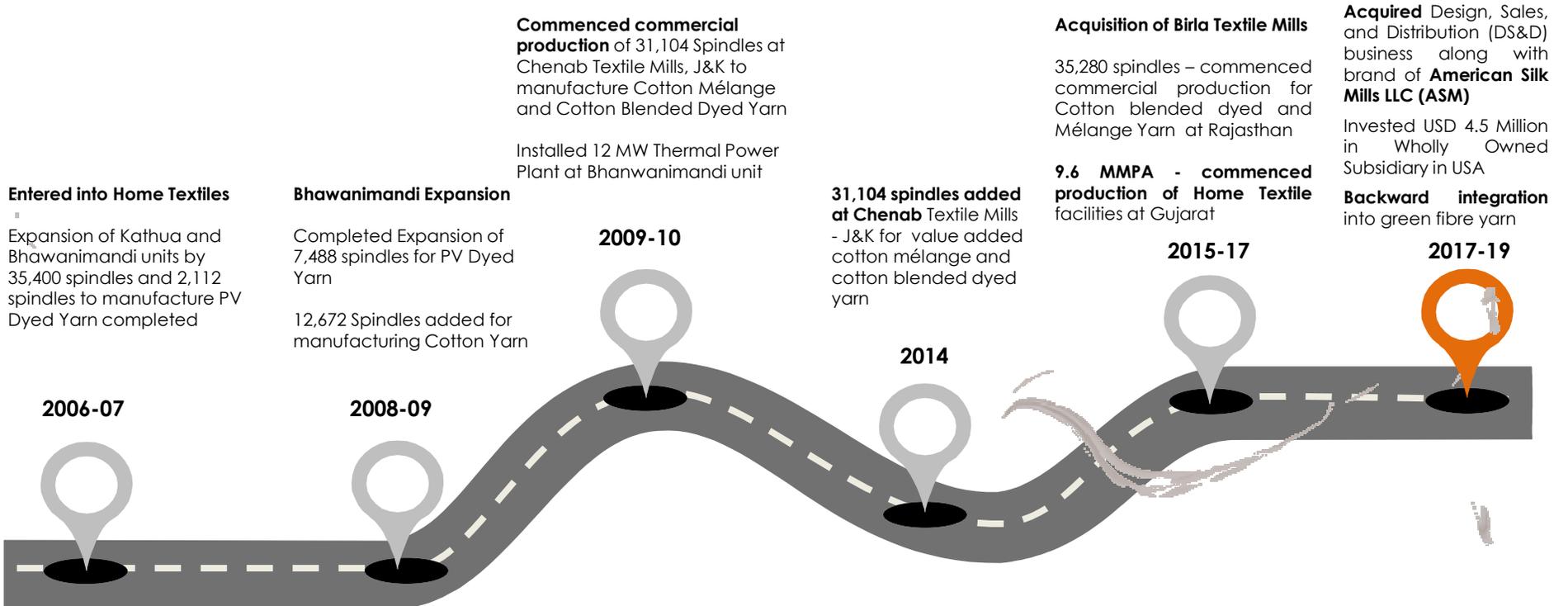
9.6 Million Meters Per Annum capacity of Home Textiles

## Reputed Cliental

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



# Key Milestones



# Business Verticals

SLIDE

# Sutlej – Charged to grow higher



# 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

**Mr. Ashok Mittal**  
Independent  
Non Exec Director

## Key Executives

**Mr. S.K. Khandelia**  
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

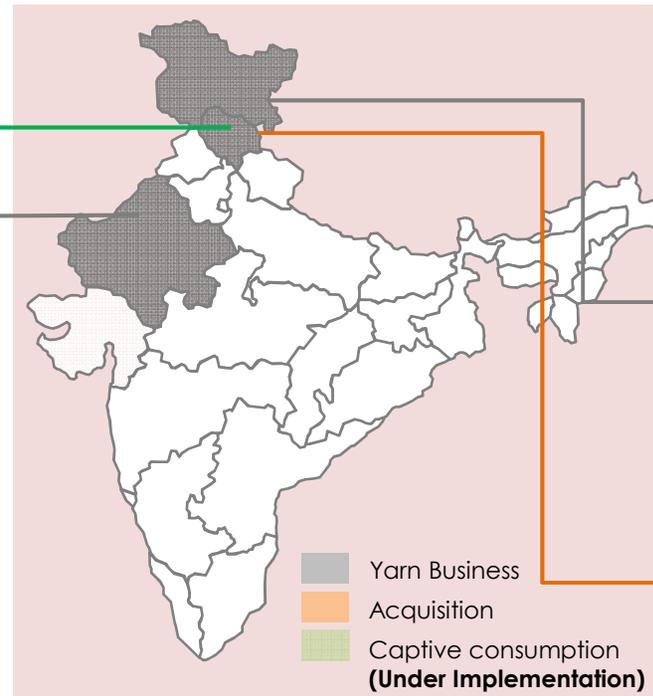
## Bhawanimandi, Rajasthan

- 35,280 Spindles (Cotton Mélange )
- 91,584 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
- Exp. Commercial production Q1FY20-21

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



Nearly 32% of the spindleage and 67% of the fabric weaving machines commissioned in the last decade, assuring high technological relevance.

## Kathua, J&K

- 1,09,154 Spindles (Cotton Mélange)
- 1,01,446 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**

- 4,20,840 Dyed Yarn Spindles
  - ~35% dedicated to Melange Yarn
  - ~65% dedicated to various blends

## ▪ **Well Diversified Product Portfolio**

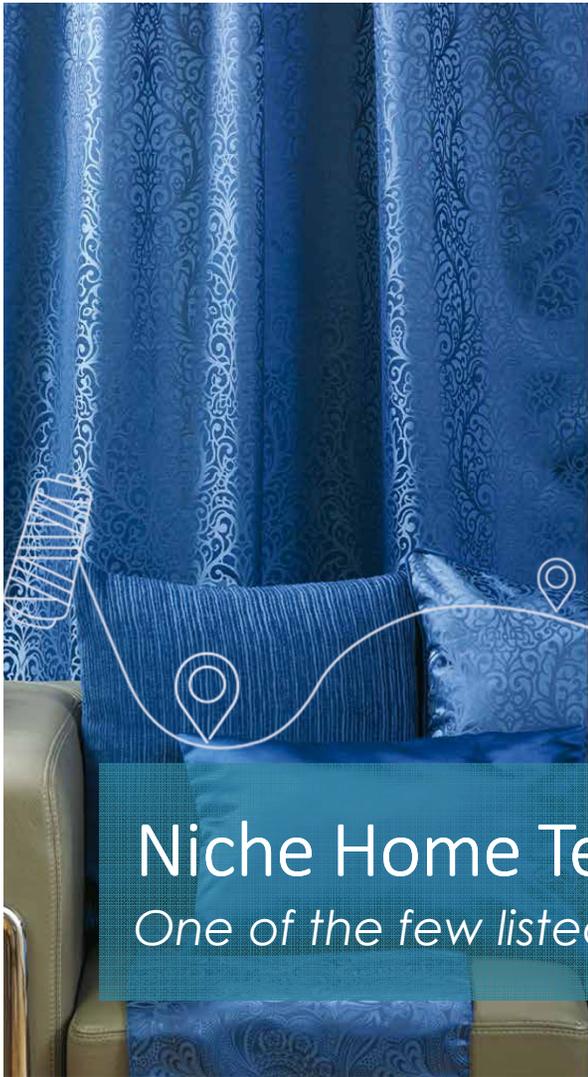
- Marquee clients like Page Industries, Siyaram, Raymond, Donear, etc
- B2B business model with over 60% revenue from organized sector
- Robust Business Model with low concentration and diversified geographical spread
- Strong Brand Recall in Yarn Segment

## ▪ **Strong Global Footprint**

- Over 35% Revenue from Export to over 65 countries
- Export to all major countries in the world
- Star Export House Status holder

## Continuous Increase in Spindle Capacities





# Niche Home Textile Presence

*One of the few listed Curtains & Upholstery players*

# Home Textile - Emerging Business

## ▪ Focus on Curtains, Upholstery & Made ups

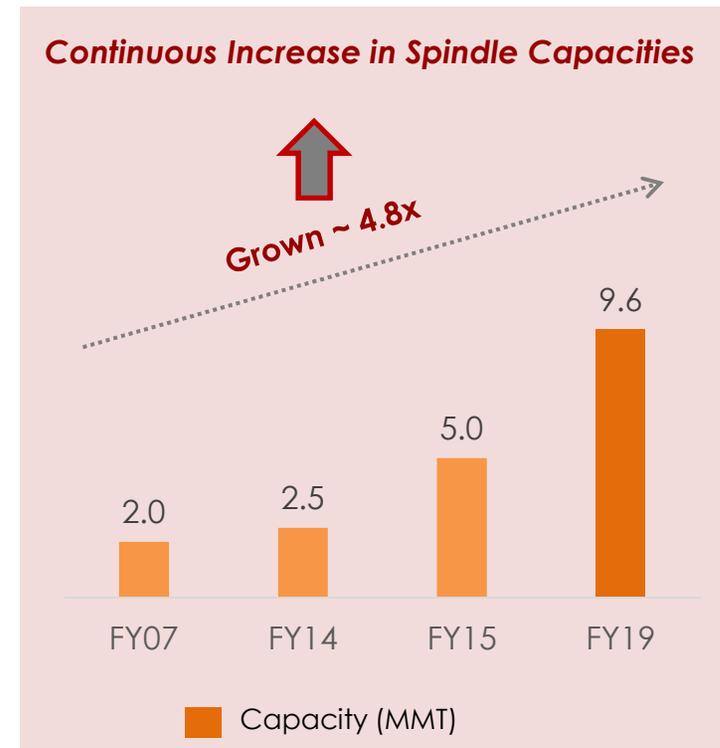
- Leading producer & exporter of Home Decor
- Acquisition of American Silk Mills (ASM), leading Design & Distribution in USA

## ▪ 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



# Strengthening Capabilities in Home Textiles

## Enhance Manufacturing Capabilities

Adding wider width printing machines  
Digital Printing capabilities  
Steaming & Washing  
Fancy Yarn  
Embroidery

## Expanding Product Portfolio

Better Designs  
Sheer Material  
Made-ups

## Establish Geographic Presence

Establishing office in Dubai to strengthen middle east operations

## Improving Designing Strength

Hired International Designers  
New designs with latest trend  
Latest design S/W

## Leverage ASM Brand

Over 100 years of industry experience with rich design archives  
Build Synergy to leverage designs

## Branding

Contemplating to create own brand in home textiles segment which will help to have brand recall, loyalty and better margins.

# American Silk Mills (ASM)

- **Stabilizing Operations**

Working on improving margins

- **Building Customers Confidence**

Re-gaining customer confidence lost due to liquidity position before acquisition

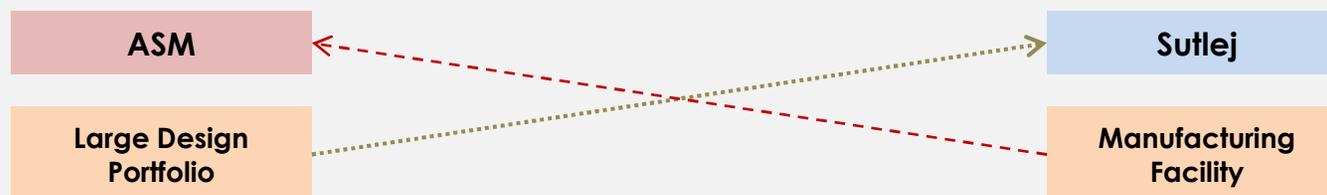
- **Introduced New Product Portfolio**

Launched new product portfolio in July and Sept 2018

- **Reengineering of major processes**

Simplify supply chain

- **Integration in Manufacturing with Sutlej's Domestic Home Textile Facility**

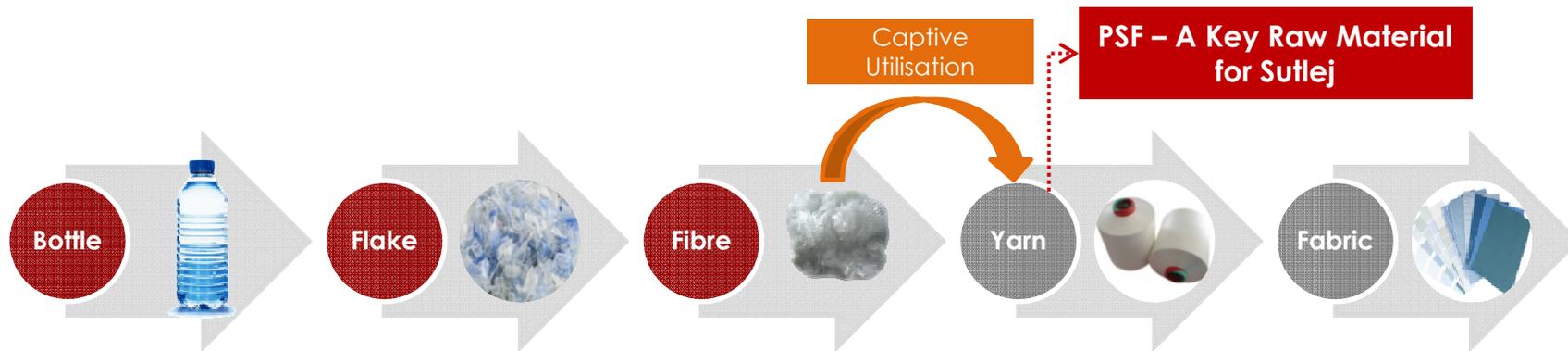




## Improving Operating Efficiencies

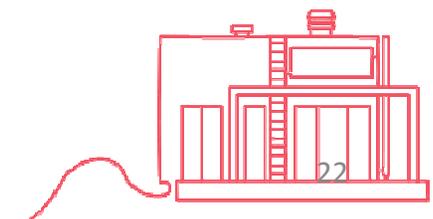
*Our disciplined approach towards growth have always helped us to achieve new heights*

# Backward Integration into Green Fiber



Description	Details
Capacity	120 MT / Day
CAPEX	Rs. 189 crore
Location – land acquired	Baddi, Himachal Pradesh
Expected Commercial Production	Q1FY20-21
Spent upto date	Rs 10 crores

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



# Focus on Reducing Energy Cost

- Installed **Roof Top Solar plant of 2.7 MW** at new unit in Bhawanimandi, Rajasthan,
- Resulting **~40% less per unit cost compared to State Tariff**



Solar Plant at Bhawanimandi, Rajasthan



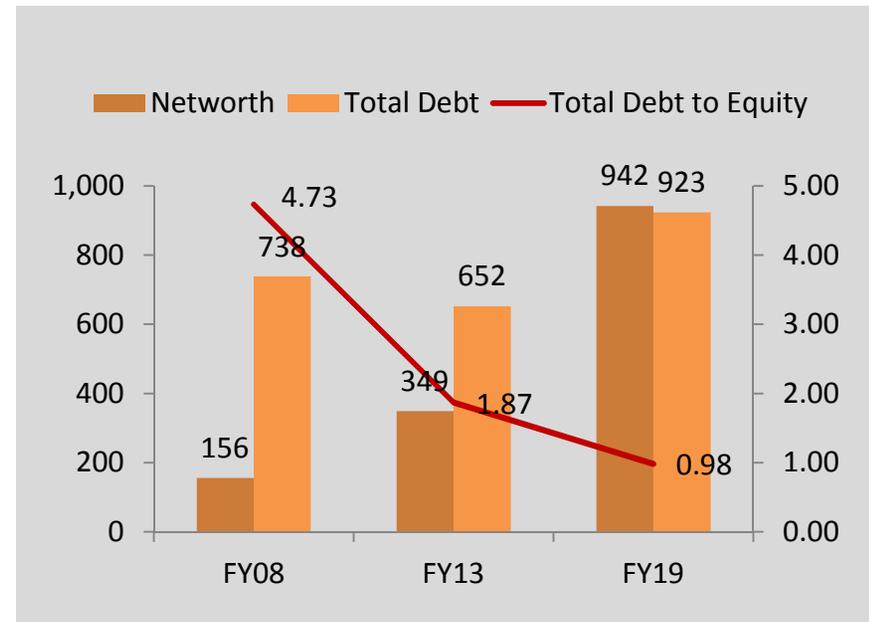
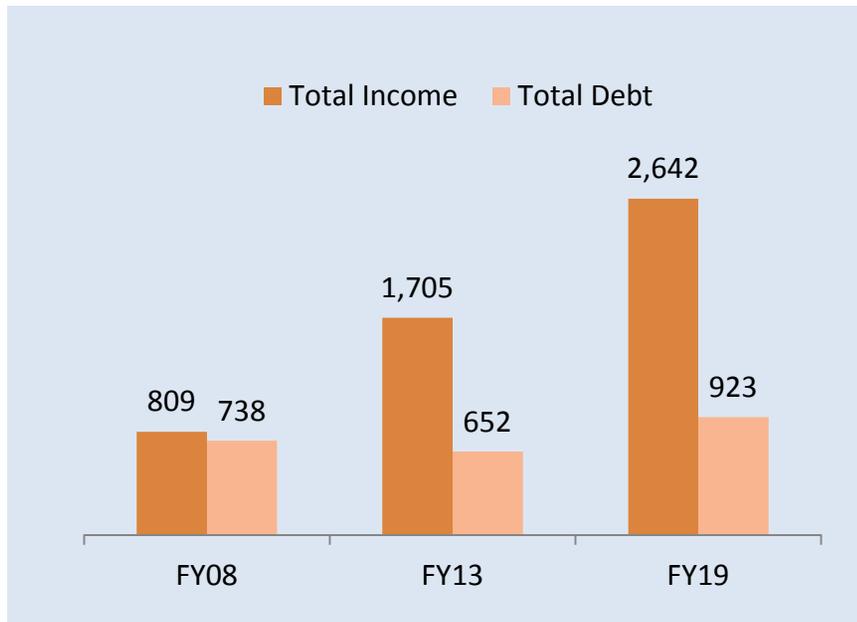


# Sutlej 2.0 – Growth Strategy

*Charged to grow higher backed by a strong Foundation*



# Always Focused on Disciplined Growth



Continuous reduction in Total Debt to Equity ratio over the years, FY19 was 0.98 vs 1.15 in FY18

# Well Placed for next Growth Phase

- Effective control on key Raw material cost

## Backward Integration



- Integration with ASM
- Product Portfolio expansion to strengthen Home Textiles Business

## Growth in Home Textile with better Margins



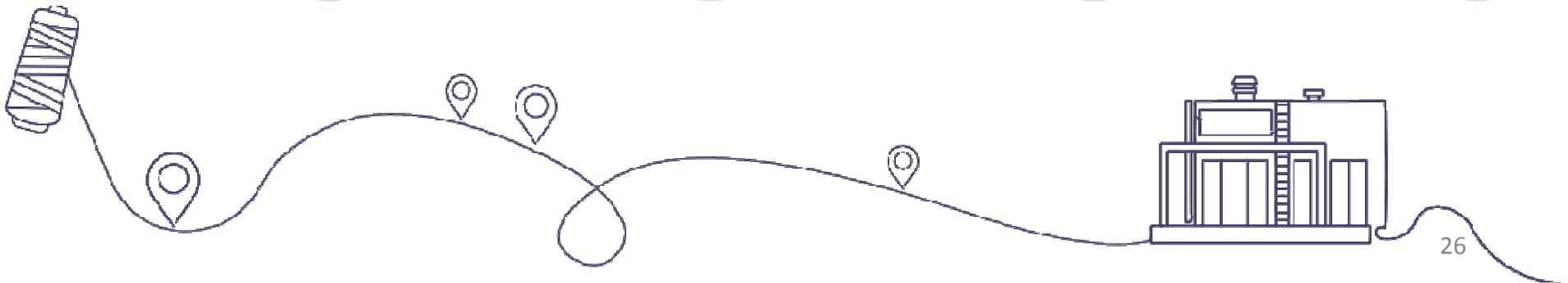
- Opportunities into Forward Integration
- Opportunities in new Speciality Yarns

## Exploring New Segments



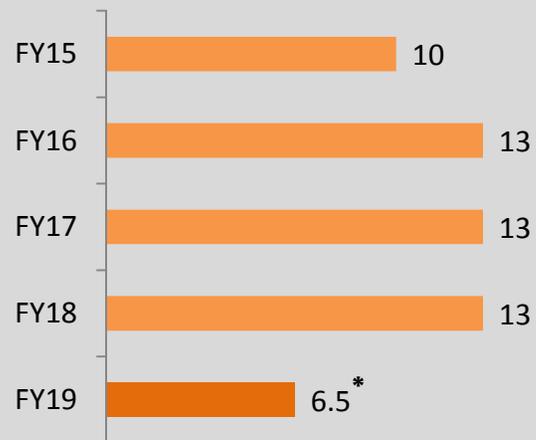
- Strong Balance Sheet
- Generate better Return Ratio's

## Inorganic Growth opportunity

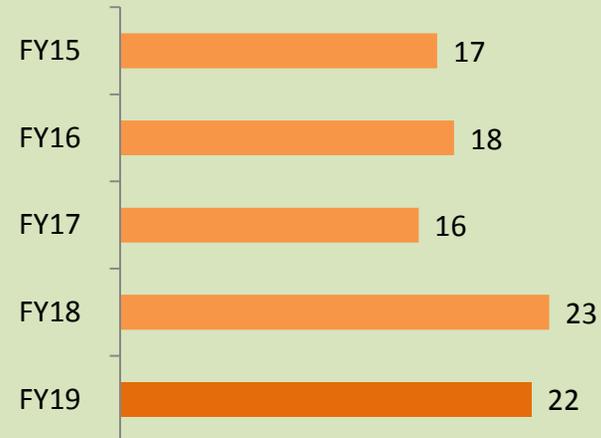


# Enhancing value for Stakeholders

**Dividend Per Share (Rs)**



**Dividend Payout (%)**



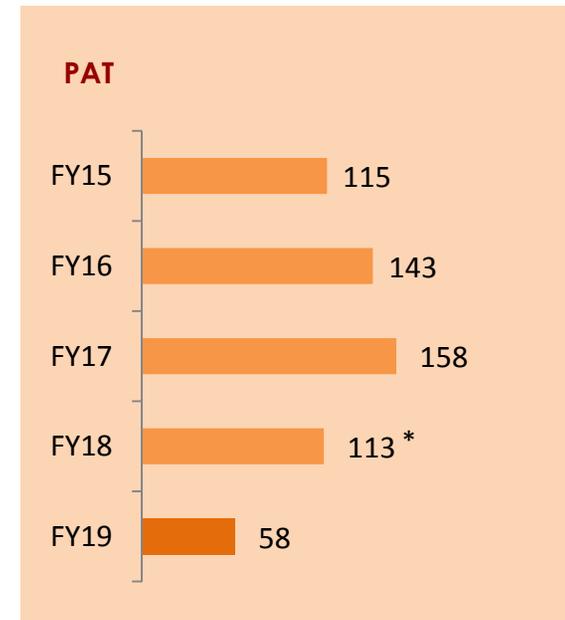
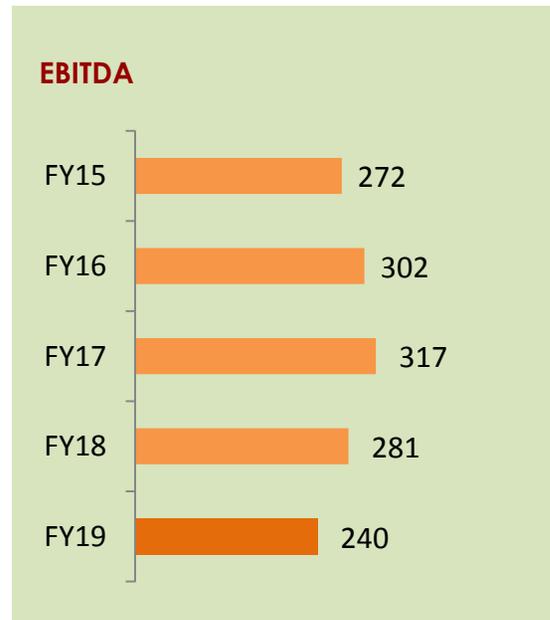
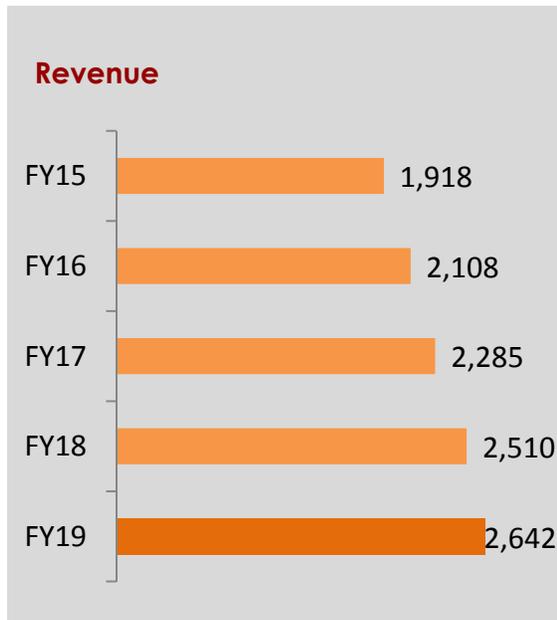
\* Dividend declared Rs.0.65 on FV of Rs.1 per share post split.

Depiction is for visual and comparative purpose only



Annexure - Financials

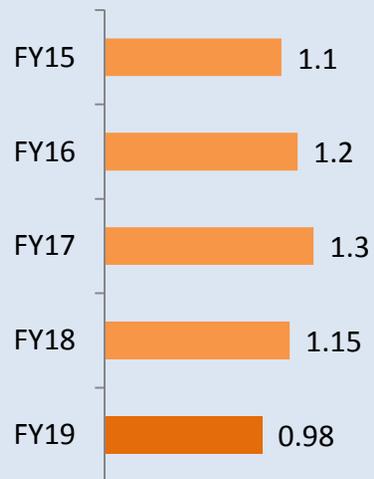
# 5 year Performance Highlights



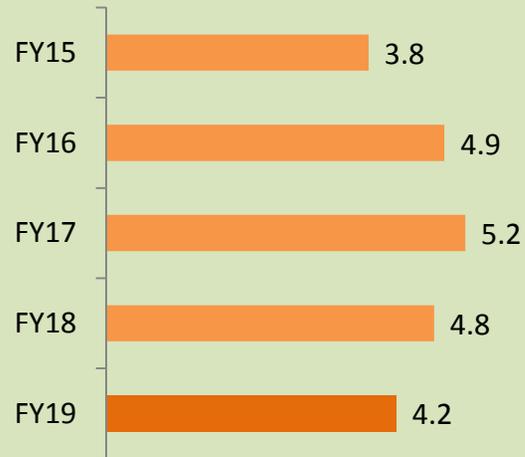
\* Includes exceptional gain of Rs 42 crore

# Balance sheet Ratios

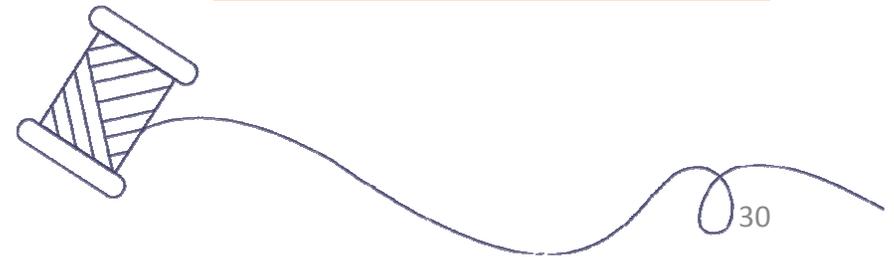
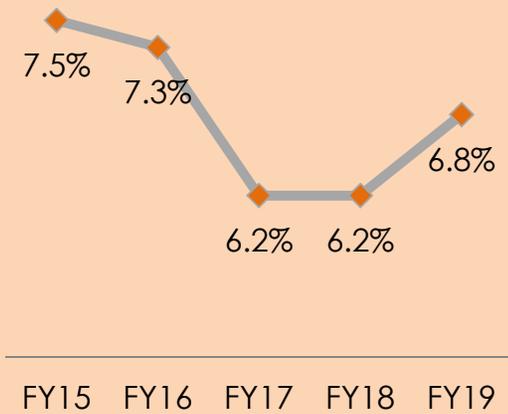
## Comfortable Total Debt/Equity Ratio



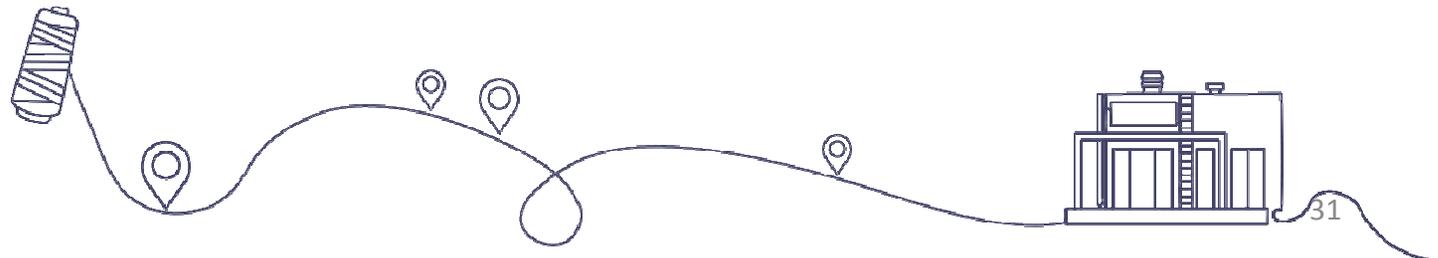
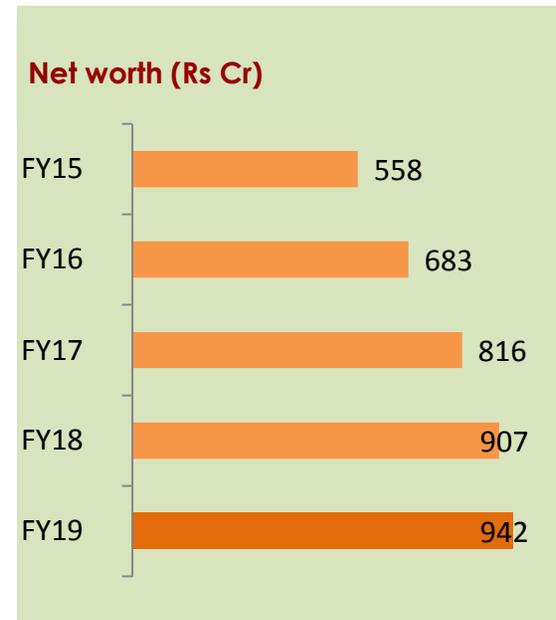
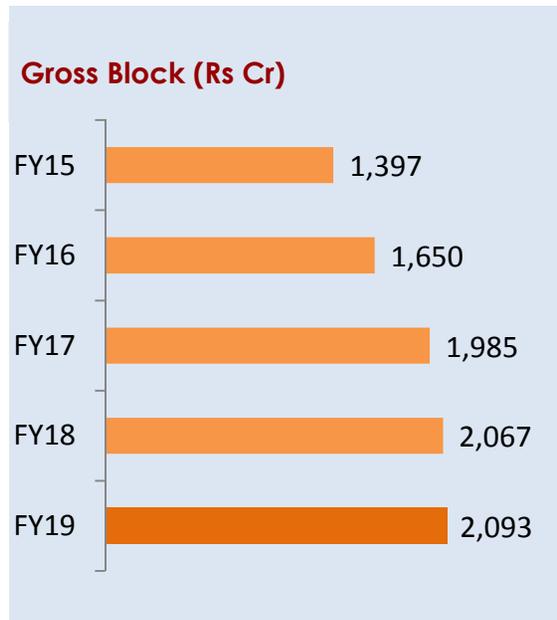
## Robust Interest Coverage



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



# Balance sheet



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

**THANK YOU!**

**Let's Connect**



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