

10<sup>th</sup> May, 2022

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| <b>BSE Ltd.</b><br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Fort,<br>Mumbai 400 001.<br><b>Scrip Code: 532782</b> | <b>National Stock Exchange of India Ltd.</b><br>Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1,<br>G-Block, Bandra - Kurla Complex,<br>Bandra (E), Mumbai 400 051.<br><b>Scrip Code: SUTLEJTEX</b> |
|--|---|

Dear Sirs,

**Sub: Q4 & FY22 Result Presentation**

Please find enclosed herewith a copy of the presentation with respect to the audited financial results of the Company for Q4 & FY22.

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

Leadership in Yarns, Establishing a niche  
in Home Textiles



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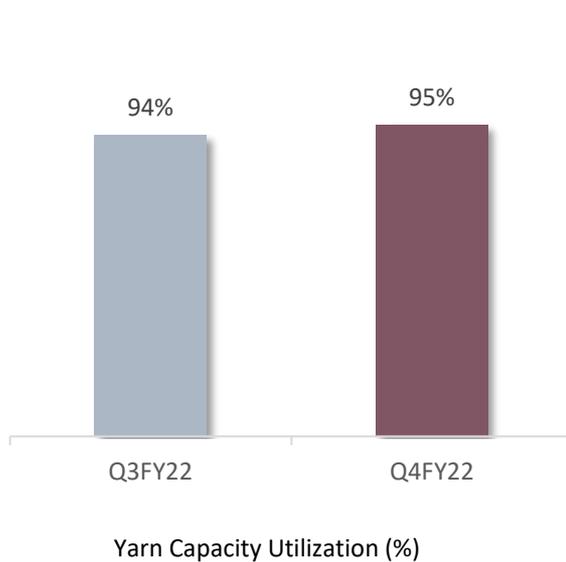
## Q4 & FY22 Result Updates

# Financial Performance – Q4 & FY22

| Consolidated (Rs crore)  | Q4FY22        | Q3FY22        | Q4FY21        | YoY %          | FY22          | FY21           | YoY %          |
|--------------------------|---------------|---------------|---------------|----------------|---------------|----------------|----------------|
| <b>Total Income</b>      | <b>901</b>    | <b>823</b>    | <b>688</b>    | <b>31%</b>     | <b>3,112</b>  | <b>1,915</b>   | <b>63%</b>     |
| Cost of goods sold       | 475           | 439           | 374           | 27%            | 1,604         | 1,062          | 51%            |
| <b>Gross Profit</b>      | <b>426</b>    | <b>384</b>    | <b>314</b>    | <b>36%</b>     | <b>1,508</b>  | <b>853</b>     | <b>77%</b>     |
| <b>GP margin %</b>       | <b>47.32%</b> | <b>46.61%</b> | <b>45.58%</b> | <b>174 bps</b> | <b>48.45%</b> | <b>44.52%</b>  | <b>393 bps</b> |
| Employee cost            | 104           | 108           | 89            | 17%            | 413           | 302            | 37%            |
| Other expenses           | 190           | 177           | 143           | 33%            | 681           | 415            | 64%            |
| <b>EBITDA</b>            | <b>133</b>    | <b>99</b>     | <b>82</b>     | <b>62%</b>     | <b>414</b>    | <b>135</b>     | <b>207%</b>    |
| <b>EBITDA margin</b>     | <b>14.71%</b> | <b>12.05%</b> | <b>11.89%</b> | <b>282 bps</b> | <b>13.31%</b> | <b>12.05%</b>  | <b>126 bps</b> |
| Depreciation             | 30            | 31            | 27            | 9%             | 121           | 96             | 27%            |
| Interest                 | 15            | 11            | 10            | 49%            | 50            | 38             | 32%            |
| <b>Profit Before Tax</b> | <b>88</b>     | <b>58</b>     | <b>44</b>     | <b>98%</b>     | <b>244</b>    | <b>2</b>       | <b>14659%</b>  |
| Exceptional Items        | 8             | -             | -             | NA             | 8             | 0              | NA             |
| Tax                      | 28            | 21            | 17            | 70%            | 85            | 6              | 1389%          |
| <b>Profit After Tax</b>  | <b>52</b>     | <b>37</b>     | <b>28</b>     | <b>86%</b>     | <b>150</b>    | <b>(4)</b>     | <b>NA</b>      |
| <b>PAT margin</b>        | <b>5.73%</b>  | <b>4.44%</b>  | <b>4.04%</b>  | <b>169 bps</b> | <b>4.83%</b>  | <b>(0.21%)</b> | <b>NA</b>      |

# Yarn Business- Highlights Q3FY22 and Q4FY22

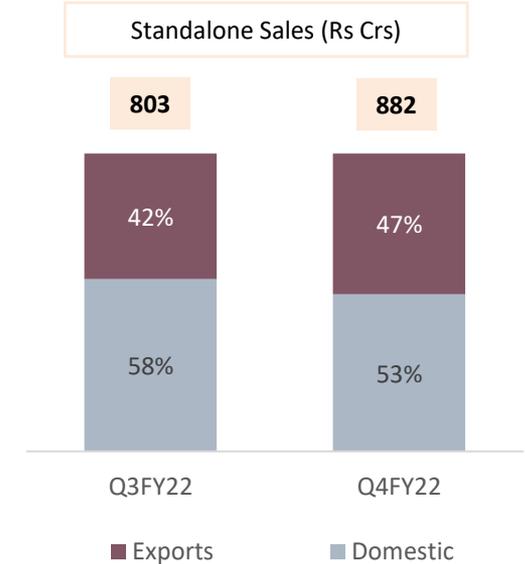
## Capacity utilisation on increasing trend



## Yarn realisations improved during the quarter

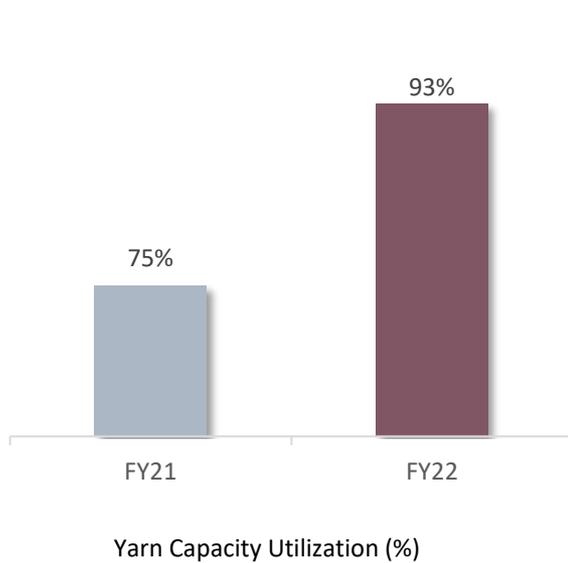


## Export demand continues to be strong

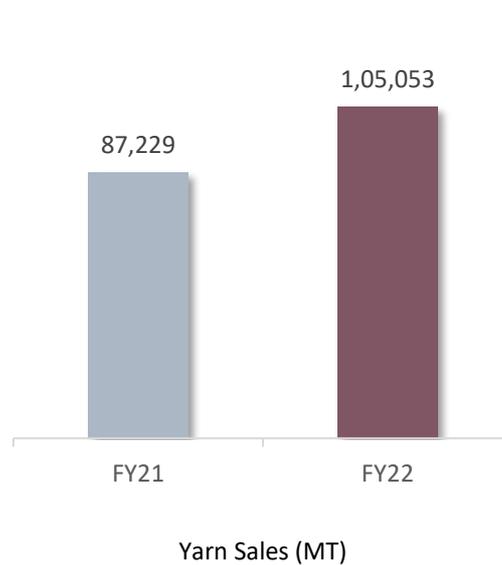


# Yarn Business- Highlights FY22

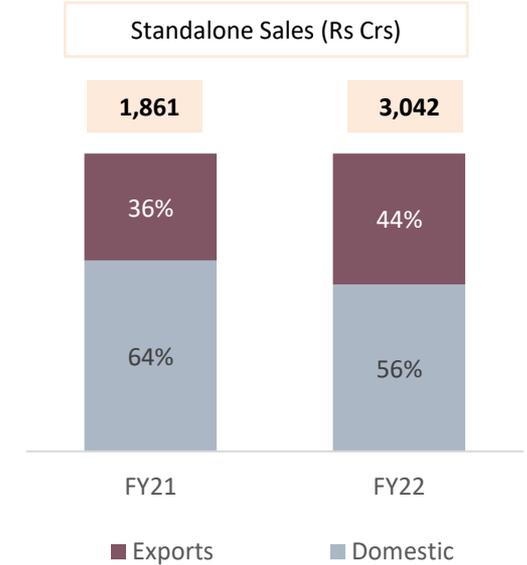
## Capacity utilisation at pre-covid levels



## Yarn volumes improved during the year

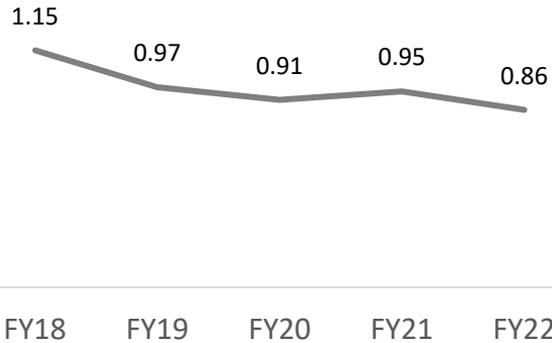


## Export demand continues to be strong

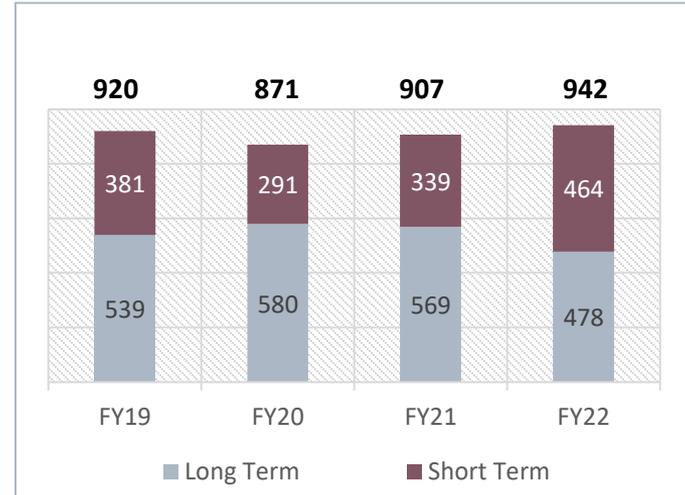


# Balance Sheet (Consolidated)- Highlights

Consistently keeping the Debt to Equity below 1x...



Marginal increase in overall Debt due to higher Working capital requirement



- ✓ Debt to Equity ratio continues to improve despite increase in Debt.
- ✓ Working Capital position remains comfortable

# From the Executive Chairman's Desk



Executive Chairman - Mr. C. S. Nopany



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

*"During the fiscal, the Indian yarn players experienced a strong demand amid healthy exports and pent up demand in domestic market with receding impact of Covid-19. The Government of India's growth led Union Budget 2022-23 and policies for textile industry boosted the growth sentiments for the industry and the economy. With increasing geological risk, higher inflation, interest rates and raw material prices, the Company remains cautiously positive for future demand for spinning sector. At Sutlej we experienced strong demand and with our diversified product portfolio, better efficiencies, we witness significant improvement in profitability during the quarter. We remain committed to future growth plans with focus on enhancing our product portfolio, geographical reach and improving efficiencies to deliver better financial results."*



**Sutlej**

*Creation of a Strong Foundation over the years*



## Established Value-added Yarn Player

- **Largest Spun Dyed Capacity**
  - ✓ One of India's largest spun dyed Yarn and leading Melange Yarn manufacturer.
- **Patronage of Renowned K.K.Birla group**
  - ✓ Excellent Corporate Governance and Experienced Management
- **Exports to 65+ countries**
  - ✓ Across Europe, North & Latin America, South-East Asia, USA.
- **Large scale Capacities**
  - ✓ 4,20,240 spindles capacity of Yarn
- **Backward integration**
  - ✓ Green Fibre plant, having a total capacity of 120 MT/day
- **Reputed Cliental**
  - ✓ Marquee clients like Page Inds, Westside, Marks & Spencer, Arvind, Raymond, Donear NXG, Siyaram's, Arrow, Grasim, Digjam, JC Penney, Monte Carlo, Pantaloons and so on.



## Building a strong Home Textile Brand

- **Niche Segment Presence**
  - ✓ One of the few listed players in curtains & upholstery segment
- **Sizable Capacity**
  - ✓ Current Home Textile capacity of 9.6 MMT
- **International foot-prints**
  - ✓ Acquired American Silk Mills (ASM) to enhance reach to US markets
- **Establishing Brands**
  - ✓ Launched a premium brand in curtains and upholstery "Nesterra"
- **Focusing on B2B to B2C business opportunities**
  - ✓ Home Textiles will enable Sutlej to move towards higher margin B2C business
- **Thrust on Exports**
  - ✓ Targeting exports to Middle East, USA, EU & other geographies



# Key Business Verticals



# Guided by Industry Veterans and Experienced Management

## Board of Directors

**Mr. C.S. Nopany**

Executive Chairman

**Mr. U.K. Khaitan**

Independent

Non-Executive Director

**Mr. Amit Dalal**

Independent

Non-Executive Director

**Mr. Rajan Dalal**

Independent

Non-Executive Director

**Ms. Sonu Bhasin**

Independent

Non-Executive Director

**Mr. Rajiv K. Podar**

Independent

Non-Executive Director

**Mr. Rohit Dhoot**

Non-Executive Director

**Mr. Ashok Mittal**

Non-Executive Director

## Key Executives

**Mr. Updeep Singh**

President and CEO

**Mr. Bipeen Valame**

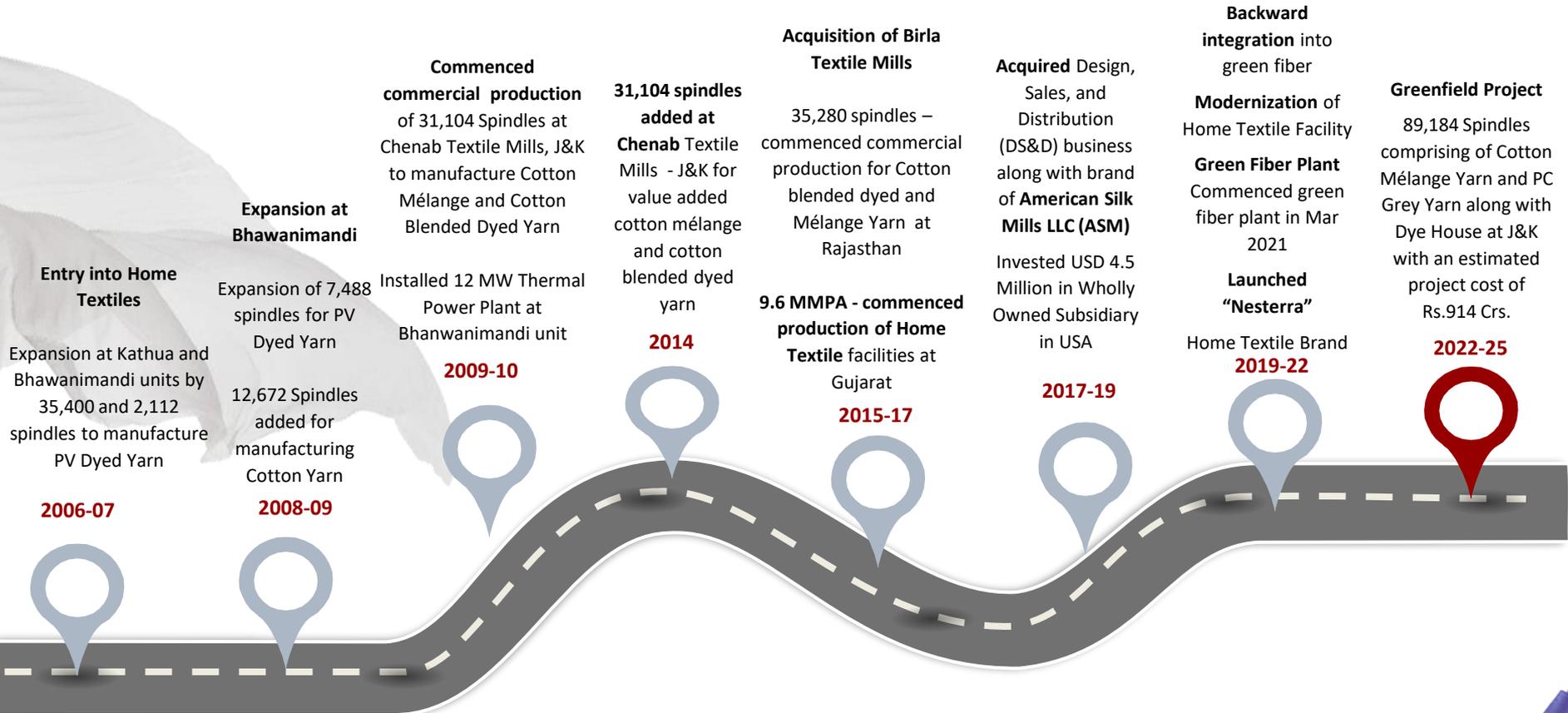
WTD and CFO

**Mr. Manoj Contractor**

CS & Compliance Officer



# Consistently Expanding Capacities and Product Portfolio...





## **Focused on Value Added Specialty Yarn**

*Always Opted for Expansion into High Value Specialty Yarn*

# Among the Leading Yarn and Fabric Capacities in India

✓ Our manufacturing facilities are capable to handle a variety of Raw Material, having different Counts

✓ We work very closely with our Customers to fulfil requirements and on the ethos, 'Manufacture to Sale and Not to Stock'

## Kathua, J&K

- 1,07,648 Spindles (Cotton Mélange)
- 1,03,696 Spindles (Man-made Fibre)

## J&K

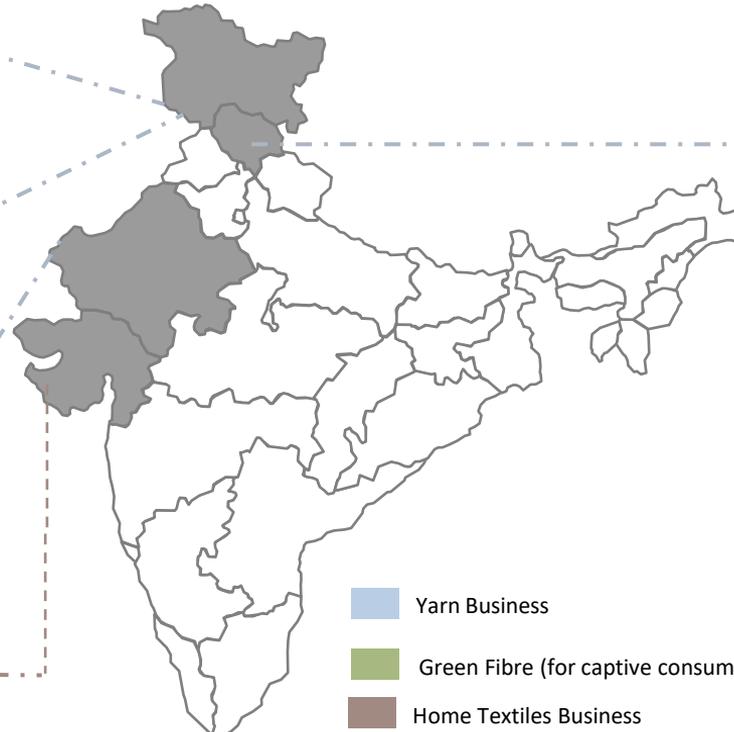
- **Greenfield Project** announced of 89,184 Spindles of Cotton Mélange Yarn and PC Grey Yarn along with Dye House.
- Estimated project cost of Rs 914 Crs.

## Bhawanimandi, Rajasthan

- 35,280 Spindles (Cotton Mélange )
- 90,384 Spindles (Man –made Fibre)
- Roof top solar plant of 2.7 MW

## Damanganga, Gujarat

- Capacity of 9.6 million meters



## Baddi, Himachal Pradesh

- 83,376 Spindles (Cotton & Blended)

## Baddi, Himachal Pradesh

- Green Fibre Plant
- 120 MT per day manufacturing Raw White & Black Recycle Fibre



# Speciality Dyed Yarns – Backbone of Our Business

## ▪ **Leading Yarn manufacturer in India**

- ✓ 4,20,240 Dyed Yarn Spindles
  - ~35% dedicated to Melange Yarn
  - ~65% dedicated to various blends

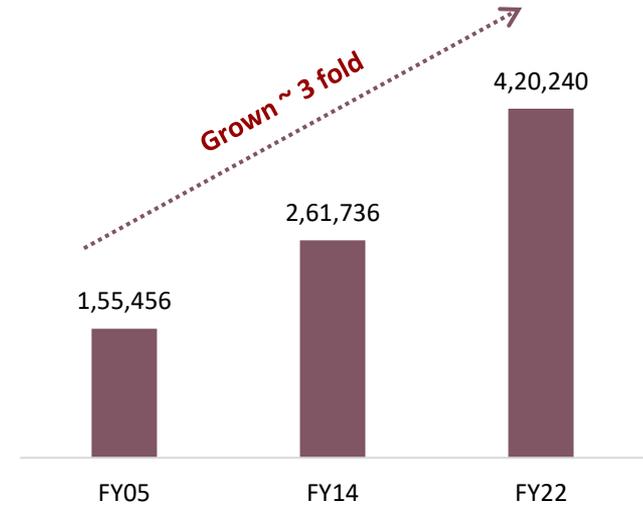
## ▪ **Well Diversified Product Portfolio/geographies and customers**

- ✓ Marquee clients like Aditya Birla Fashion, Alok Inds, Siyaram, Donear, Raymond, Page Inds, Westside, Arvind, Shai Exports, Monte Carlo, Marks & Spencer, H&M, Primark, Matalan, Kiabi etc.
- ✓ B2B business model with around 60% revenue from organized sector.
- ✓ Robust Business Model with low customer concentration and diversified geographical spread.
- ✓ Strong Brand Recall in Yarn Segment.

## ▪ **Strong Global Footprint**

- ✓ Around one third of sales 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 (MT)*



# Capex Update

## New Green Field Spinning project at J&K

- ✓ Currently the company is not present in Greige ( grey) product segment. In order to compliment the dyed/mélange product offering, the company needs to have grey product in its product basket.
- ✓ In view of the increasing demand for cotton /polyester blends across multiple categories of end use there is market potential of grey blended yarns both in domestic and export markets.
- ✓ Currently the company has yarn production capacity of 4.21 lacs spindles which are operating at 94-95% capacity utilization.
- ✓ The Board has approved setting up of a green field project for 89,184 Spindles comprising of Cotton Mélange Yarn and PC Grey Yarn along with Dye House at J&K with an estimated project cost of Rs.914 Crs which will be implemented around Q4FY25.

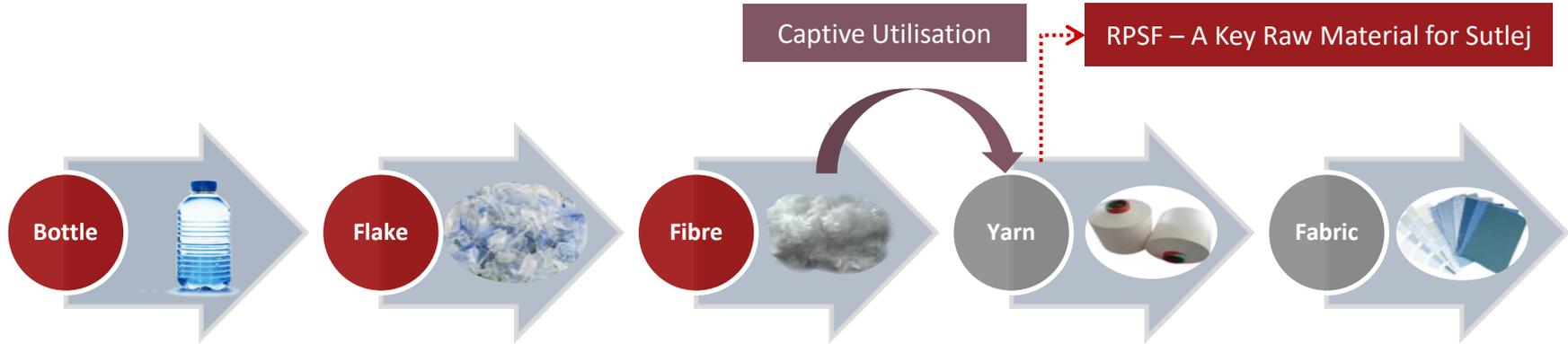




## **Sustainable Green Fibre Unit**

*Backward integration into recycle fibre to meet captive demand*

# Improving Operating Efficiency by Backward Integration...

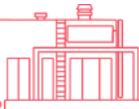


## Key Statistics:

- ✓ **120 Tonne per day** *Installed capacity of green fibre at Sutlej*
- ✓ **7 Million** *Peak quantum of PET bottles that can be consumed by Sutlej a day*
- ✓ **75%** *company's green fibre appetite serviced from within*
- ✓ **60 Million** *Number of PET drinking water bottles consumed each hour across the world*

## Updates

- ✓ **Capacity utilization** has been consistently increasing quarterly to 98.5% in Q4FY22 from 80% in Q1FY22.
- ✓ **Developed multiple new products** like Hollow Fiber & Super White Fiber etc which has been approved by users.



# Home Textile Business

*One of the Few Listed Curtains & Upholstery Players*



# Home Textile Business

## ▪ Focus on Curtains, Upholstery & Made ups

- ✓ One of the leading producers & exporters of Home furnishings.
- ✓ American Silk Mills (ASM), leading Design & Distribution Company in USA

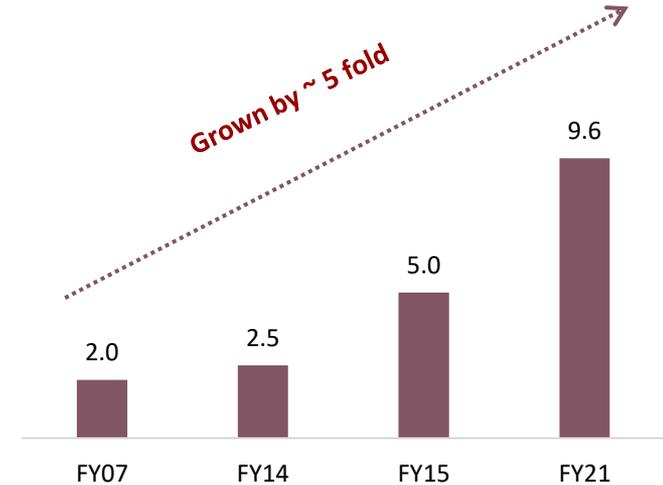
## ▪ Latest Technology in design & manufacturing

- ✓ State of Art manufacturing facility at Gujarat
- ✓ Capacity 9.6 Mn. metres/pa
- ✓ 116 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 like USA/UK
- ✓ Building world class design capabilities
- ✓ Improving product mix and broadening product portfolio

*Increase in Loom Capacities (MMT) over past 12 yrs*



# Home Textile Business

## Market Penetration

- ✓ Focusing on Large Format store business in domestic market
- ✓ Maximum launch of new collections underway with customers for upcoming season.
- ✓ Targeting retailers, ready-made buyers in UK and Europe to promote made-up products.
- ✓ Increasing traction on made-ups segment , first order shipped to US.

## Customer focus

- ✓ Focus on Top Buyers by putting new products and collections
- ✓ Offering curated plains and textures to large size wholesalers to generate repeat volume business
- ✓ Proposing curated plains & textures qualities to big wholesalers to generate big repeat volume business.

## New Product development

- ✓ Developed few low cost products by using basic yarns to target South East Asia markets
- ✓ Developed special products like Self Black Out, Dimouts and fire retardant products



# Home Textile - “Nesterra” Building a Brand of Future

## From B2B to Retail Brand

- In FY21, launched the first retail brand in its existence
- Brand is marketed wholesale, addressing cut piece requirements of India’s retail sector
- Currently accessible in 153 stores across 21 states.

## Capitalize Existing Expertise

- Capitalize on rich pedigree originating from the House of Sutlej (niche yarns for decades)
- Capitalize on use of proprietary yarns and manufacture on cutting-edge weaving looms

## Brand Building

- Within a short space of time, the ‘Nesterra’ has begun earning respect for weaving quality, consistency, aesthetic designs, finishing and timely service in India’s retail sector.



# Home Textile - “Nesterra” Building a Brand of Future



## New Collections

- ✓ Phase 2 collections gained markets attention and garnered great traction
- ✓ Nesterra 3.0 is scheduled for launch in July 2022

## Distribution

- ✓ Gained more than 80 new clients in the domestic retail market and is currently accessible in around 300 stores across 23 states.
- ✓ Currently having 6 Agents across India for the brand.

## Marketing and PR Push

- ✓ Garnered 40+ exposures across markets in various CAT A and CAT B online publications
- ✓ Secured interview article in credible trade portal- 99 acres, around Women's Day
- ✓ Successfully garnered barter association with influencers via reels, posts and stories



### Key Highlights

- ✓ Healthy order Book position with good orders from Furniture manufacturers.
- ✓ Instituted 2 price hikes in the past financial year across products, will help improve Gross margins.
- ✓ Strengthened sales force & secured representation throughout North America
- ✓ Developed new collection of outdoor product , initial reviews have been favorable.
- ✓ Sutlej & ASM design is rendering great new looks with specialty yarns that will solidify offerings.
- ✓ Key initiatives for designing by adding Silk and Signature fabrics.



*“The best preparation for tomorrow is doing your best today”*

**Let's Connect**

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