

SUTLEJ TEXTILES AND INDUSTRIES LTD

Q3 & 9M FY14 Results Presentation



Disclaimer

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other risk factors, viewers of this presentation are cautioned not to place undue reliance on these forward looking statements. Sutlej Textiles and Industries Ltd will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



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COMPANY OVERVIEW





Sutlej Textiles and Industries - At a Glance

#1

Spun dyed
Yarn Manufacturer

260,488

Total Capacity
(Spindles)

92

Total Capacity
(looms)

14% CAGR

Last 3 years
Revenue Growth

15% CAGR

Last 3 Years
EBITDA Growth

43% CAGR

Last 3 Years
PAT Growth

137,096

No. of Spindles added
(Last Decade)

11,000+

No. of
Employees



Company Overview

Incorporated in 2005, Sutlej Textiles and Industries Ltd (STIL) is India's largest Spun Dyed Yarn manufacturer and leading player in Value added / Specialty yarns

Product Mix

- One stop shop for all types of yarn
- Focus on Value added yarns – Spun Dyed Yarn, Cotton Mélange
- Diversified offerings with presence across value chain with – Yarns, Fabrics & Home textile furnishing

Marquee Clients



Manufacturing Snapshot

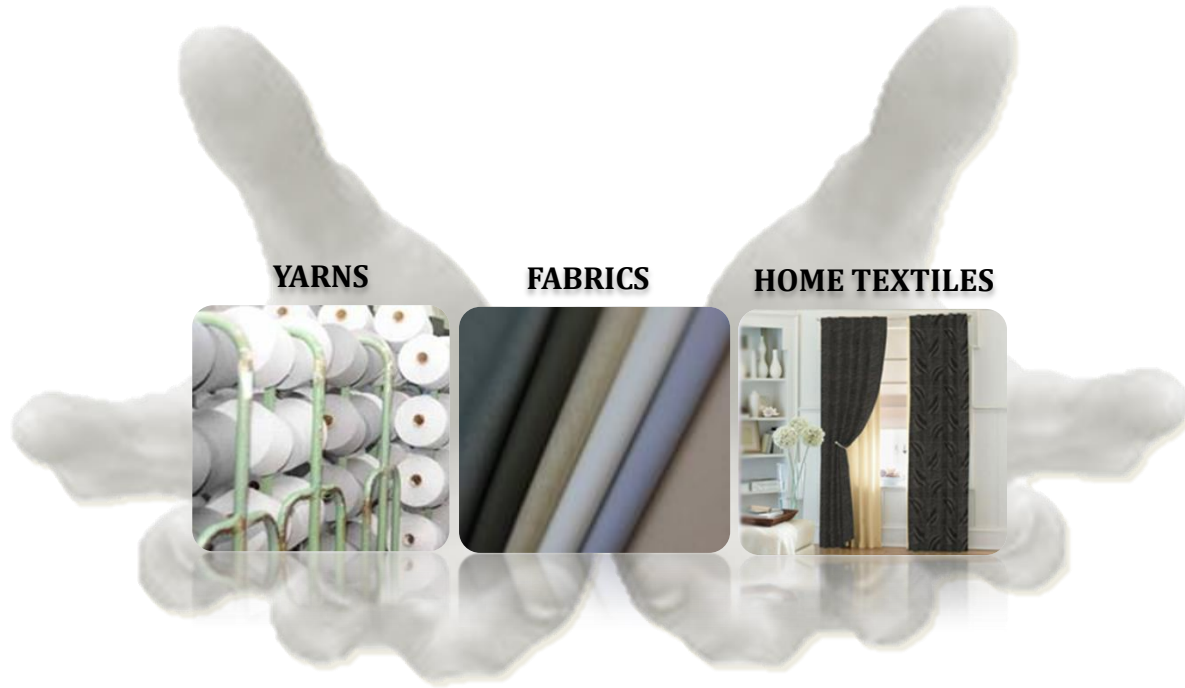
- Manufacturing units (4) – Jammu & Kashmir, Rajasthan & Gujarat
- Total Capacity: Spindles – 260,488; Rotors – 336; Shuttle less looms – 60; Home Textile looms – 32;
- Employs over 11,000 people

Domestic and Global Presence

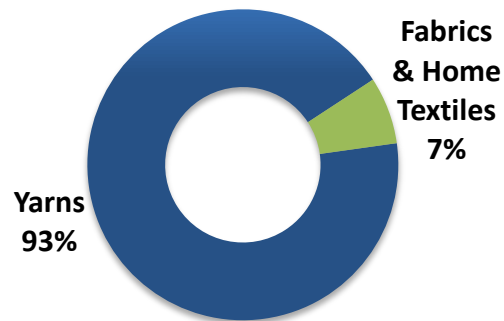
- Global footprint with presence across 60 countries across
 - Europe,
 - North America,
 - South East Asia



Product Offerings



FY13 - Segment wise Revenue (%)

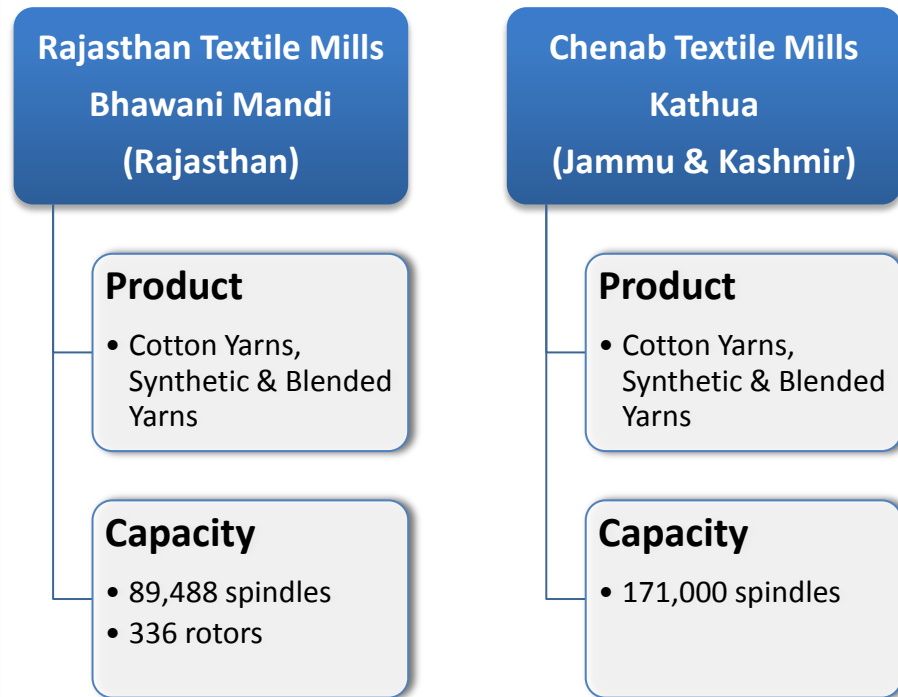




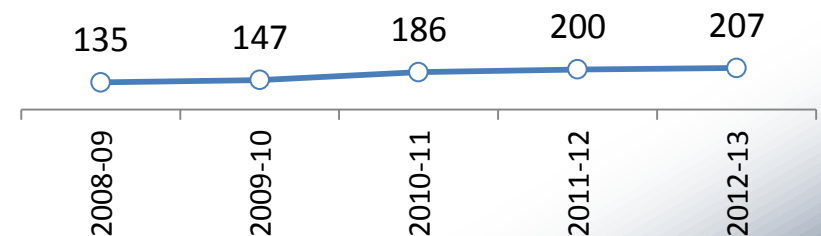
One stop shop for yarns.....

- 1 **Focused player in Niche product segment** –
Leading player in specialty / value added yarns
- 2 India's largest spun dyed yarn manufacturer
- 3 Amongst few manufacturers **capable of producing of all types of yarns**
- 4 **Product Portfolio** –
 - Value added synthetic yarns - *Modal, Lycra, Tencel, Coolmax*
 - Specialty Yarns - Cotton mélange
 - Cotton & blended yarns
- 5 **Spinning capacity of 260,488 spindles and 336 Rotors** (as of March, 2013)
- 6 **State-of-art-technology** - ~ 89% of spindlage aged less than decade old (Best in the industry)
- 7 **Strategically located Manufacturing facilities** –
Rajasthan, Jammu and Kashmir

Manufacturing units



Avg. Yarn realisation (Rs /Kg)





Yarn

Diversified Product basket

Regular qualities

100% polyester	100% viscose
100% acrylic	100% modal and tencel
100% cotton mélange and cone-dyed	Polyester/viscose
Polyester/cotton	Acrylic/cotton
Polyester/acrylic	Modal/ cotton
Modal/polyester	Viscose/cotton
Bamboo/cotton	

Premium qualities

Micro-polyester (soft touch)	Micro-acrylic (for chenille)
Micro-modal (super-soft silky)	Hamel covered yarns (stretch)
Low piling yarns	Carpet backing and pile yarns
Yarns on ready- to-dye package	Cationic dyeable yarns
Tencel	Yarns from soy milk fibre
Linen blends	100% Bamboo





Fabrics

- 1 Diversified Portfolio** - Progressed up the value chain by entering the segment in 2000-01
- 2** Producer of high quality special value-added and innovative fabrics
- 3 Current capacity –**
 - 4.9 mn mtrs (fabric) & 60 looms
 - 20 mn mtrs (processed fabric)
- 4** Segment expansion through tie-ups with foreign marketers and manufacturer
- 5** Segment's contribution to overall revenues: 4.43%

(as of March 2013)

Manufacturing unit

Damanganga Fabrics
Daheli
Gujarat

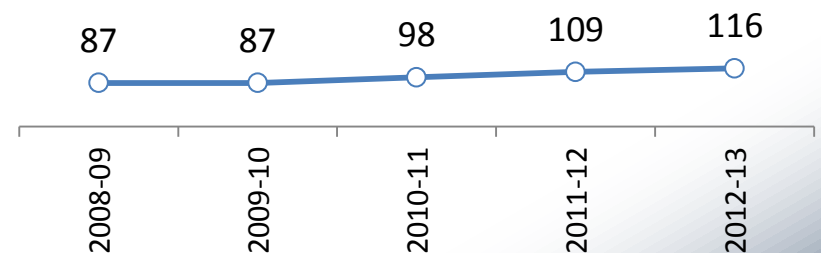
Product

- Fabrics & processed fabrics

Capacity

- 4.9 mn mtrs (fabric) (60 looms)
- 20 mn mtrs (Processed fabrics) p.a.

Avg. Fabrics realisation (Rs/Mtr)

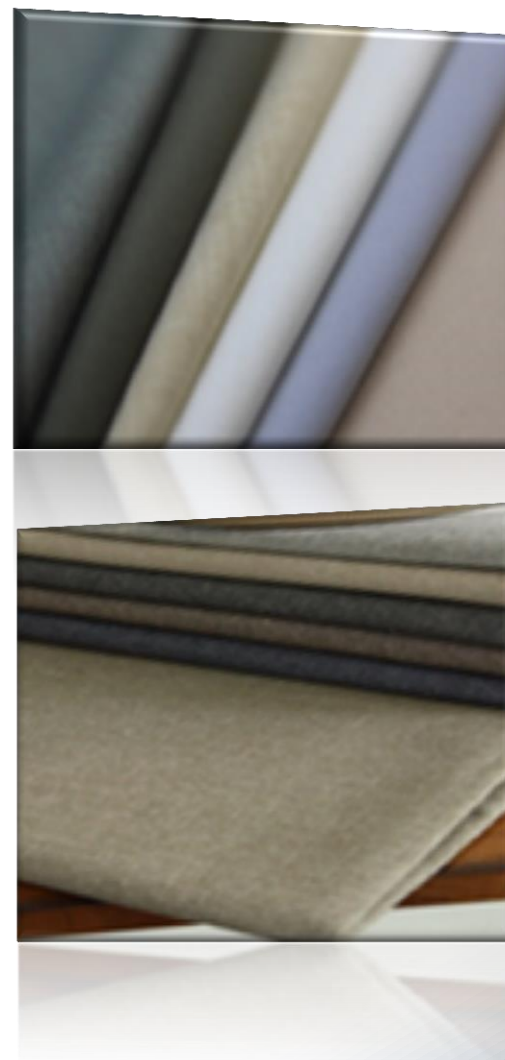




Fabrics

Diversified Product basket

Premium Blends	
Poly viscose	Poly viscose lycra
Poly wool	Pure wool
Poly wool lycra	
Exotic Blends	
Poly Modal	Poly tencel
Poly viscose linen	Poly viscose cotton
Poly silk	Linen cotton
Pure linen	
Finishes	
Advanced dual-action teflon	Repel teflon
Release teflon	Teflon HPR
Ultra-release teflon	Enzyme-washed
Wrinkle-free	Aroma finish
Anti-microbial	Ice touch
Chemical stretch	Temperature control
Insect-repellent	UV-resistant





Home Textiles

- 1 Diversified Portfolio** - Progressed up the value chain by entering the segment in 2006
- 2** Producer of wide array of furnishing fabrics & made-ups
- 3** Current capacity – 2.5 million meters per annum (32 shuttle less looms)
- 4** Segment expansion through tie-ups with reputed European design studios
- 5** Segment's contribution to overall revenues: 1.98%
- 6** Product basket: Curtain fabric, Fire-retardant, Aroma finish

Manufacturing unit

Damanganga Home Textile
Daheli
Gujarat

Product

- Home textiles furnishing

Capacity

- 2.5 million meters per annum (32 shuttle less looms)





Operating Levers



Sourcing Raw Material Efficiencies

Multiple Raw Material inputs – efficiently manage input volatility

Innovative R&D in sourcing Raw Materials – facilitates raw material substitutes leading to lower volatility in input costs

Procurement management – sourcing from reputed manufacturers resulting in lower process losses



Proficient Manufacturing Processes

Continuous modernization – ~89% of spindles less than 10 years old with latest and highly automated system in place

Strategically located units – Availing various Central Government & State Government incentives

Access to captive & inexpensive power – low process losses & downtime



Robust Order Booking and Distribution Strategies

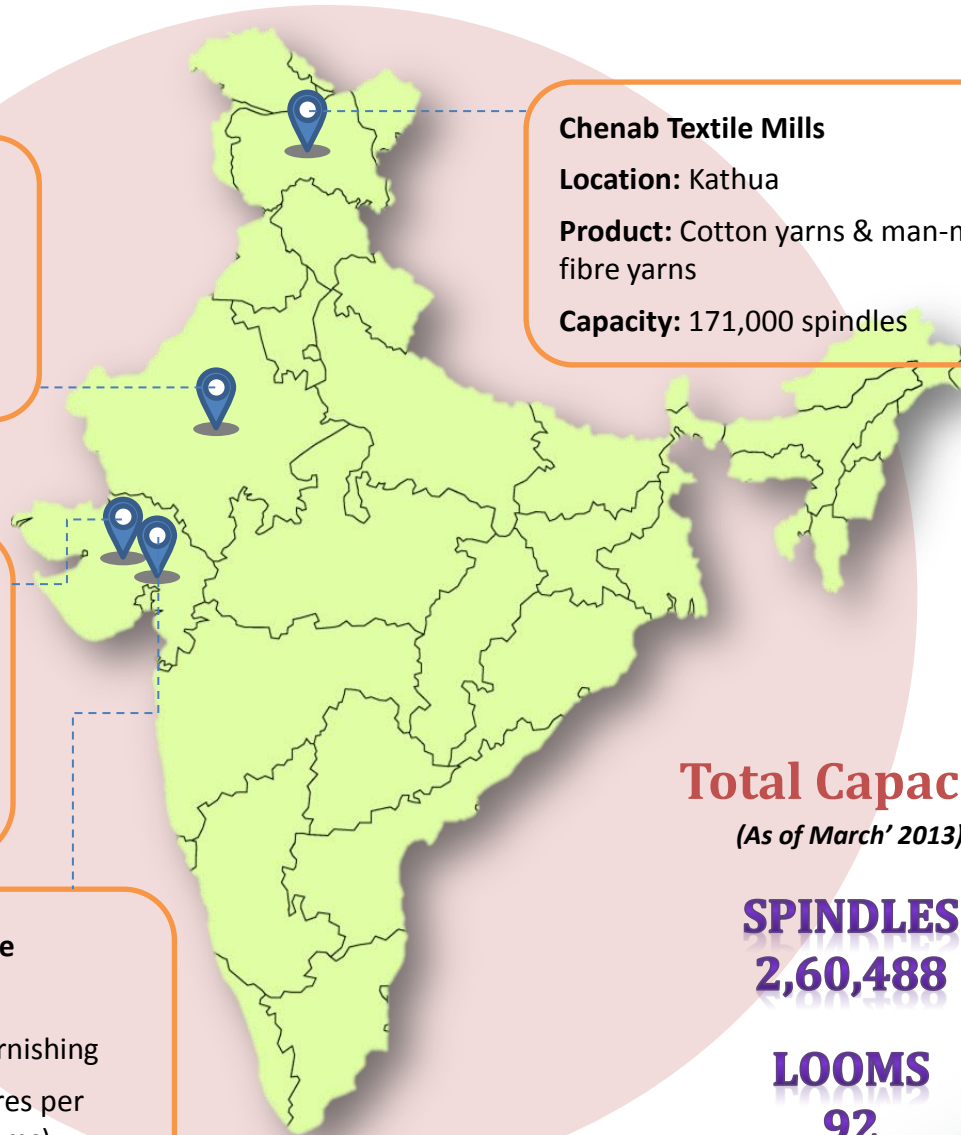
Well-organized order booking procedure – negligible order cancellation and better working capital management

Strong marketing network – own offices, tie up with dealers & brokers throughout the country and international

Global footprint – presence across 60 countries with an impressive client list



Manufacturing Presence



Rajasthan Textile Mills
Location: Bhawani Mandi
Product: Cotton & man-made fibre yarns
Capacity: 89,488 spindles and 336 rotors

Chenab Textile Mills
Location: Kathua
Product: Cotton yarns & man-made fibre yarns
Capacity: 171,000 spindles

Damanganga Fabrics
Location: Daheli
Product: Fabrics and processed fabrics
Capacity: 4.9 million metres (fabric (60 looms) and 20 million metres (processed fabric) per annum

Damanganga Home Textile
Location: Daheli
Product: Home textiles furnishing
Capacity: 2.5 million metres per annum (32 shuttle less looms)

Total Capacity

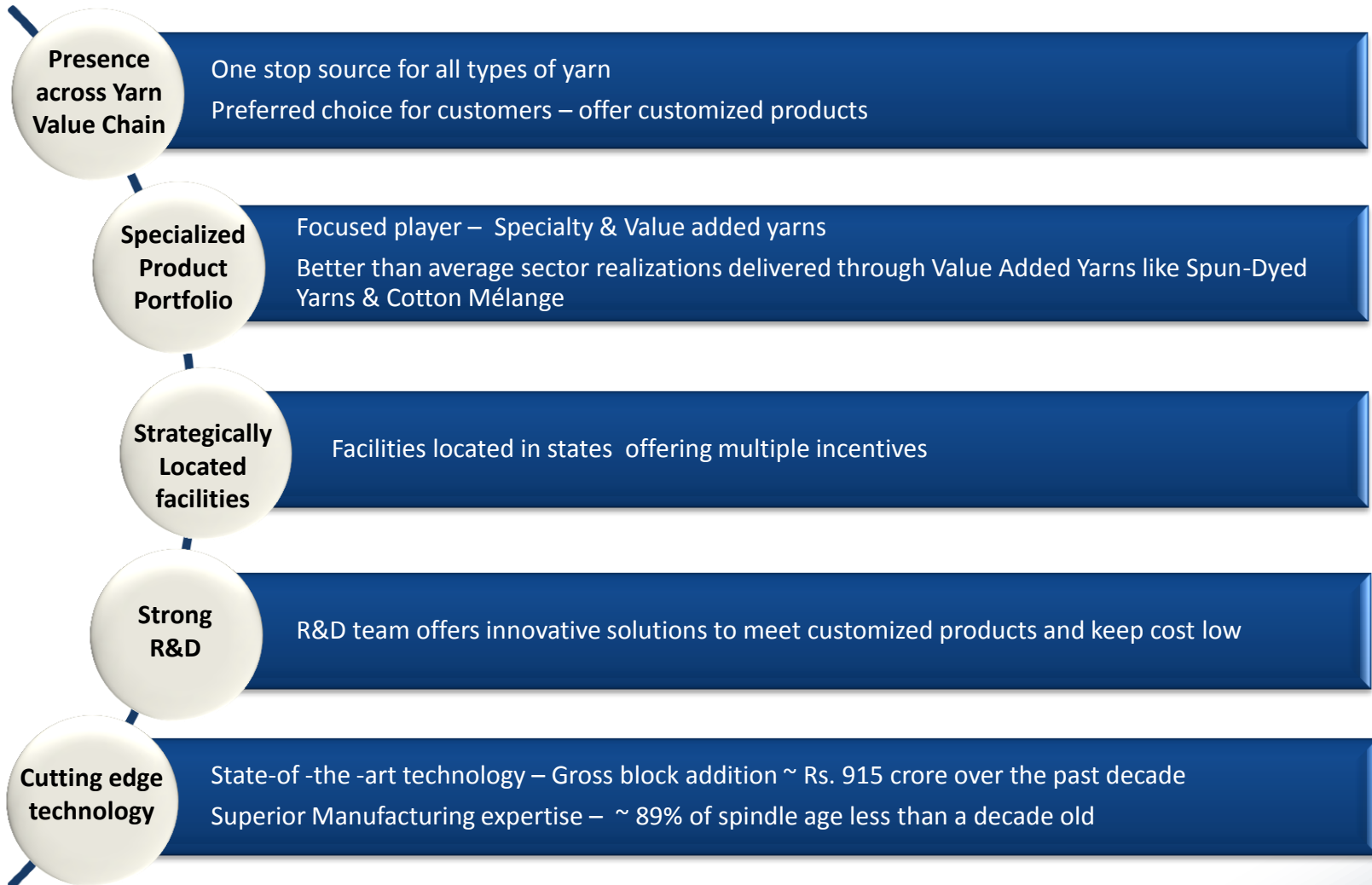
(As of March' 2013)

SPINDLES
2,60,488

LOOMS
92

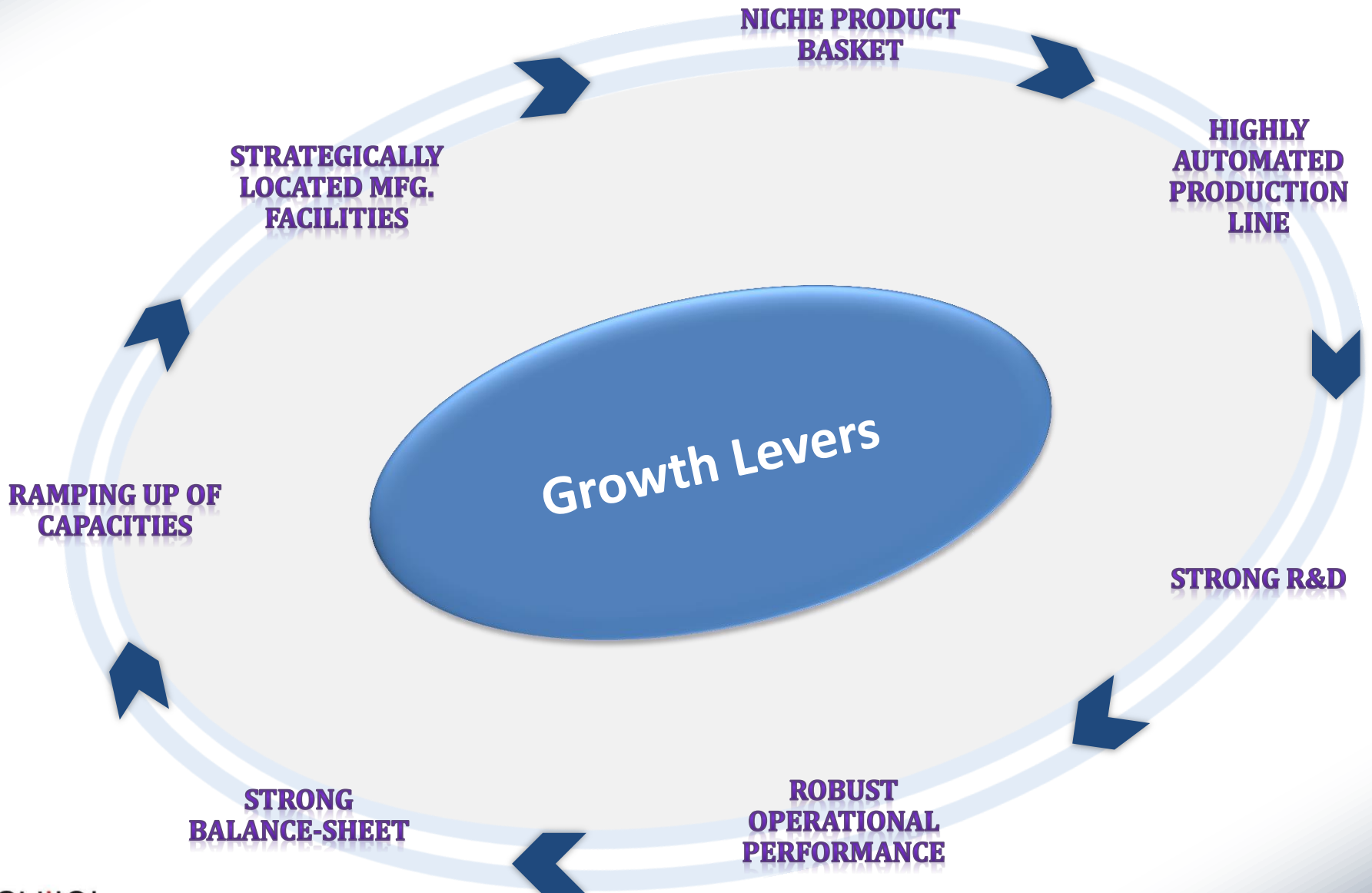


Key Strengths





Key Growth Drivers





Management Profile – Key Personnel

- 1 **Professionally Managed company** -
Demarcation of ownership and management
- 2 **High degree of Corporate Governance** –
 - Board Composition -
 - ✓ Independent directors comprises ~75%
- 3 **Experienced Team** – Led by professionals with good industrial knowledge and business acumen

Board Of Directors:

Mr. C.S. Nopany	Chairman
Mr. U.K. Khaitan	Independent Non Exec Director
Mr. Amit Dalal	Independent Non Exec Director
Mr. Rajan Dalal	Independent Non Exec Director
Mr. Rajiv K. Podar	Independent Non Exec Director
Dr. Mahmoodur Rahman	Independent Non Exec Director
Mr. Sukhvir Singh	Director

Key Executives:

Mr. S.K.Khandelia	President
Mr. Dilip Ghorawat	Chief Financial Officer
Mr. D R Prabhu	Company Secretary

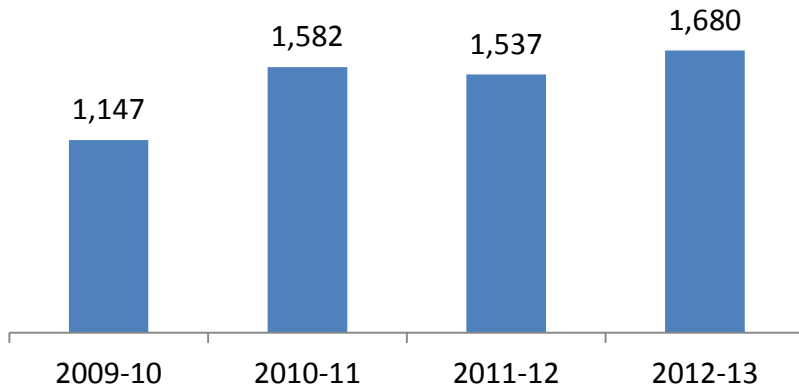
TRACK RECORD - FINANCIAL & OPERATIONAL



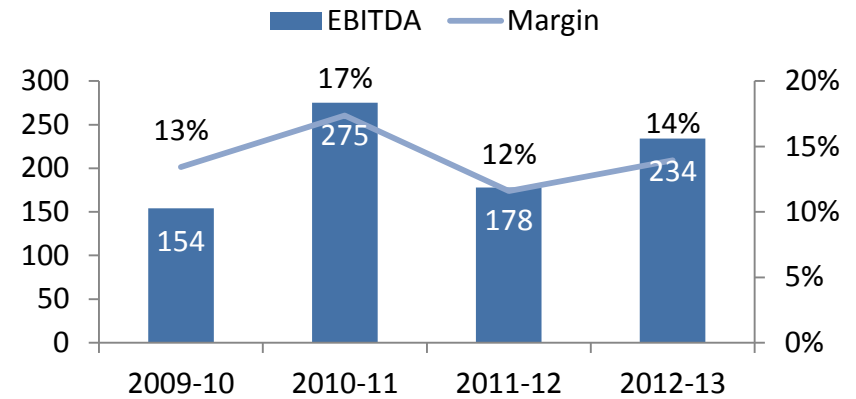


Financial Performance - Snapshot

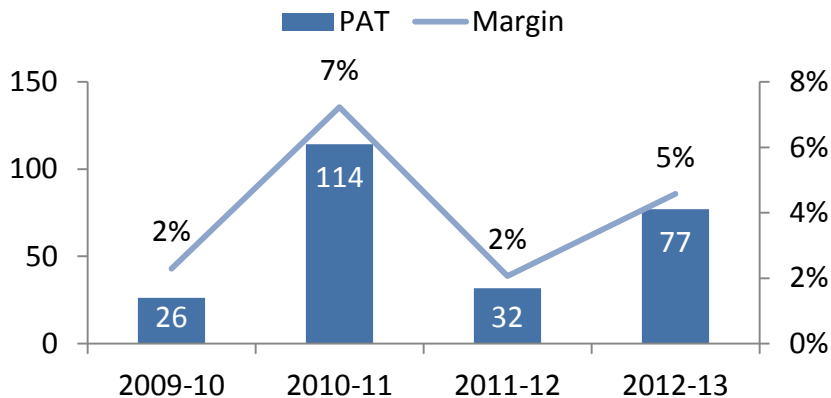
Revenues (Rs. cr)



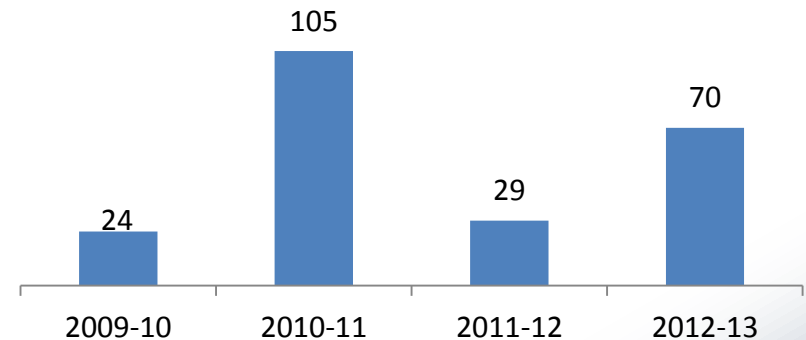
EBITDA (Rs. cr)



PAT (Rs. cr)



EPS (Rs.)

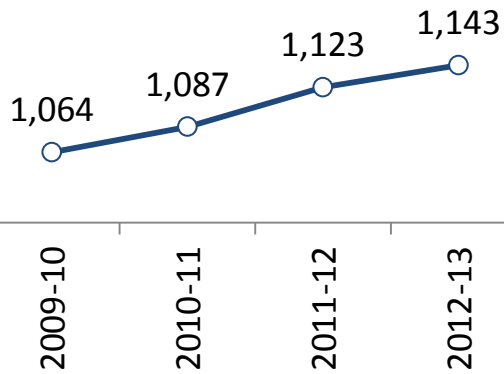


Delivering Resilient and Sustained Performance

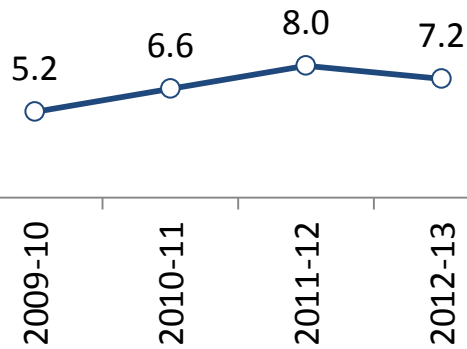


Key Financial Highlights

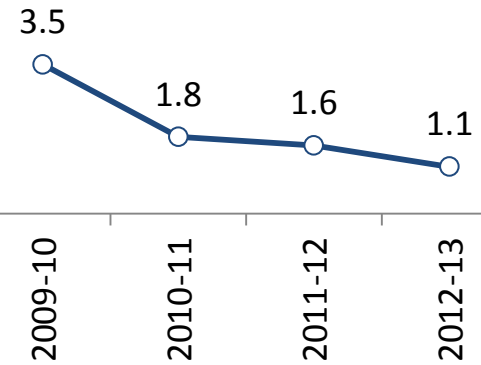
Gross Block (Rs. cr)



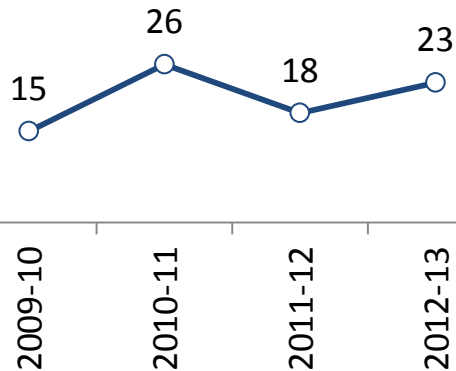
Avg. rate of loans % (after TUF subsidy)



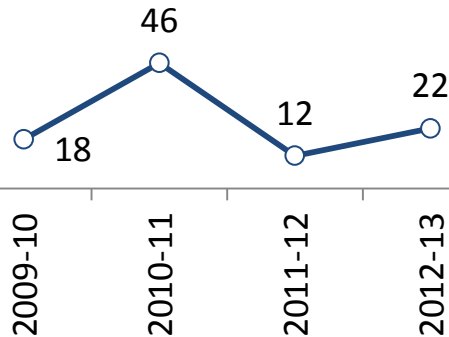
D/E ratio



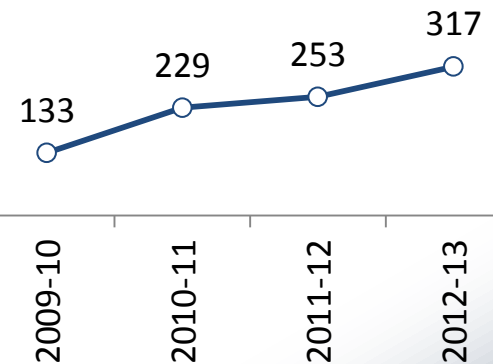
ROCE (%)



ROE (%)

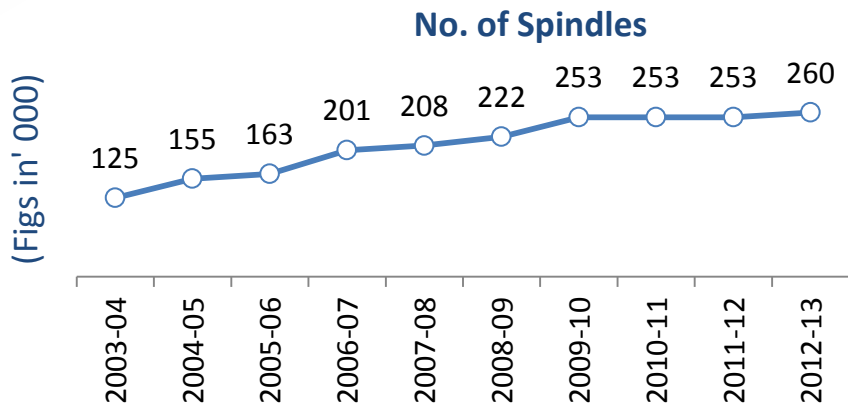


BVPS (Rs.)





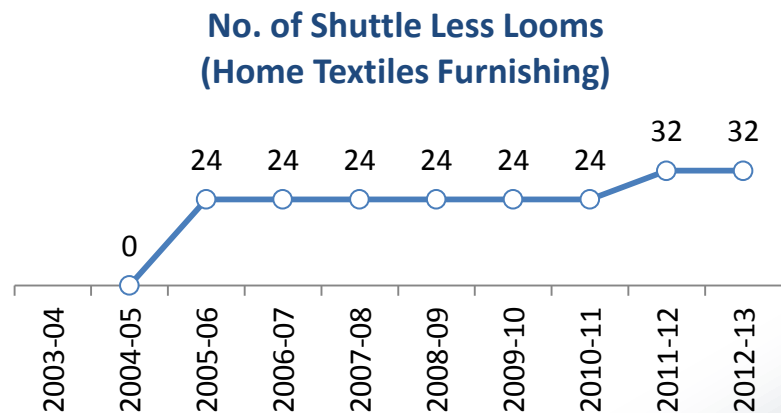
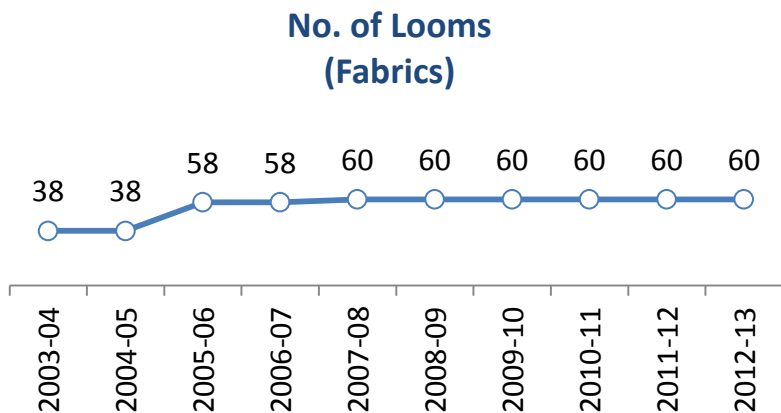
Capacity Addition at a Glance...



1,37,096
No. of Spindles added

Rs. 915 crore
Gross Block addition

**Last
10 Years**

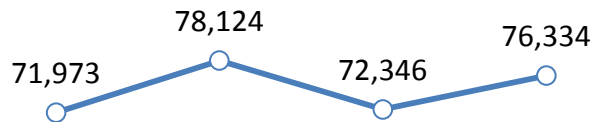




Operational Performance

Yarns

Sales (MT)



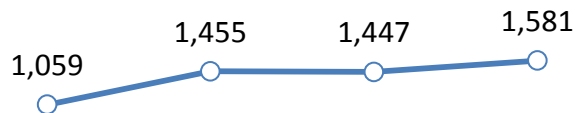
2009-10 2010-11 2011-12 2012-13

Avg. Yarn realisation (Rs/Kg)



2009-10 2010-11 2011-12 2012-13

Sales (Rs. crore)



2009-10 2010-11 2011-12 2012-13

Fabrics

Sales ('000 Mtrs.)



2009-10 2010-11 2011-12 2012-13

Avg. Fabric realisation (Rs/Mtr)



2009-10 2010-11 2011-12 2012-13

Sales (Rs. crore)



2009-10 2010-11 2011-12 2012-13



Accreditations and Awards

- **Niryat Shree - Gold trophy award 2012:** For export performance in FY 2009-10
- **Gold trophy by SRTEPC 2011-12:** Best performance for export of fabrics to focused Latin American countries
- **Silver trophy by SRTEPC 2011-12:** Second Best export performance in spun yarn category



Q3 & 9M FY14 - Performance Update





Q3 & 9M FY14 Highlights

Strong Operational and Financial Performance

- Improved profitability on the back of operational and financial efficiencies
- Better realizations and higher production of units resulted in revenue expansion
- Margin progression on the back of improved cost efficiencies
- Profitability enhancement on account of lower interest outgo and improved cost management

Capacity additions under implementation

- Spinning capacity is being expanded by 30,672 spindles; resulting in higher production of value added yarns (Cotton Mélange)
- Project Budget: Rs. 175 crore
- Achieved financial closure with internal accruals of Rs. 44 crore
- Expansion plans are on schedule - commercial production likely to commence by Q3 FY15
- Further, modernization-cum-up-gradation of existing projects - will result in cost reduction

Credit Rating: Upgrade

- Long Term Bank Facilities: Upgraded to **"CARE A-"** [Single A Minus] (from 'CARE BBB' [Triple B])
- Short Term Bank Facilities: Upgraded to **"CARE A2+"** [A Two Plus] (from "CARE A3+" [A Three Plus])

Rewards to Shareholders

- In line with Company's philosophy of rewarding its shareholders, the Company allotted bonus shares in the ratio 1:2 (June'2013)
- Consistent track record of paying dividend since incorporation



Profit & Loss Abstract

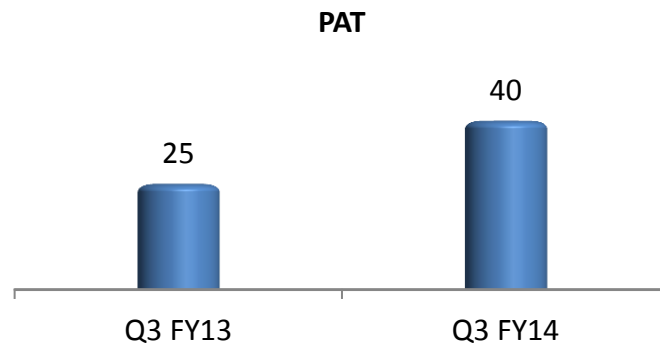
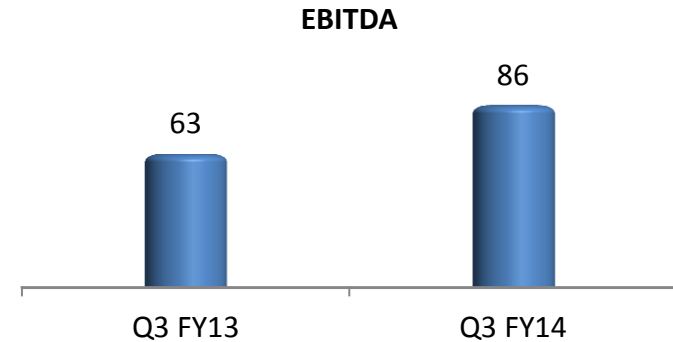
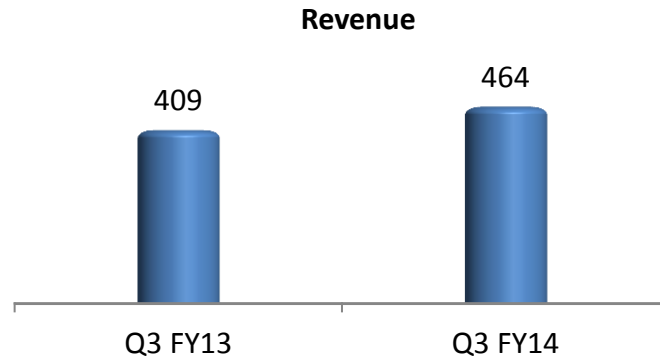
(Rs. in crore)

Particulars	Q3 FY14	Q3 FY13	Growth %	9M FY14	9M FY13	Growth %
Net Revenues	464	409	13.4	1,399	1,248	12.1
Total Expenditure	378	346	9.2	1,163	1,074	8.3
- Material Consumed	262	244	7.4	752	704	6.8
- Other Costs & Expenses (Net)	116	102	13.7	411	370	11.1
EBITDA	86	63	36.5	236	174	35.6
EBIDTA Margin (%)	18.5	15.4	310 bps	16.9	13.9	300 bps
Depreciation	17	18	-5.6	52	53	-1.9
EBIT	69	45	53.3	184	121	52.1
Interest	14	16	-12.5	44	51	-13.7
PBT	55	29	89.7	140	70	100.0
Tax	15	4	275.0	29	9	222.2
PAT	40	25	60.0	111	61	82.0
EPS (Diluted) (Rs.)	24	15	60.0	68	37	82.0



Financial Performance – Q3 FY14

Quarterly Performance (Rs. in crore)

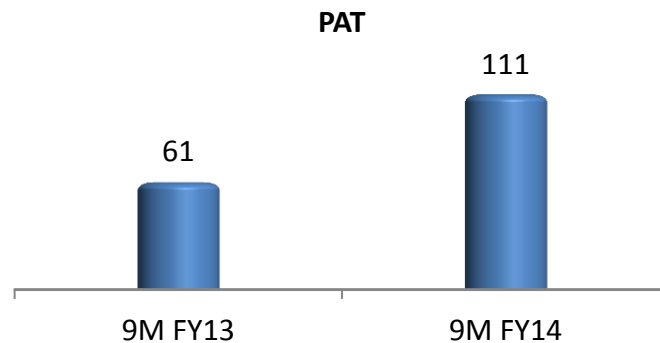
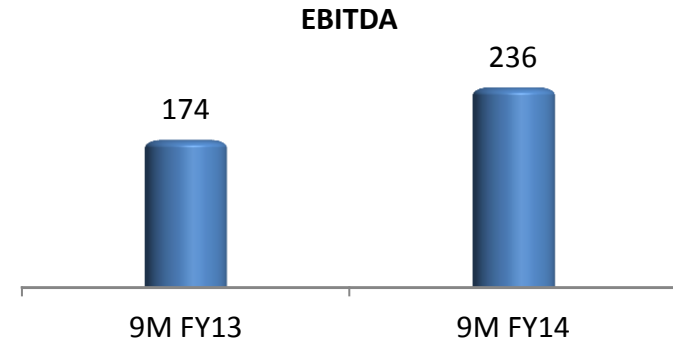
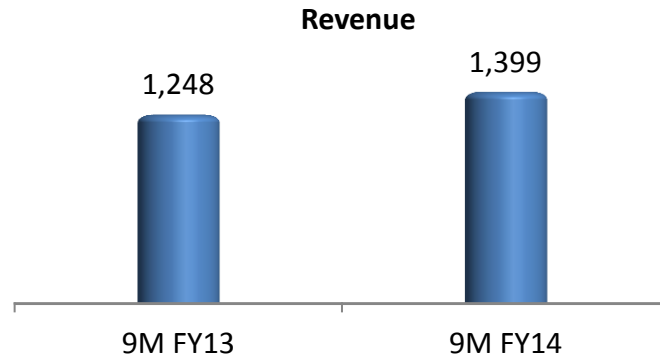


- Revenue stood at Rs. 464 crore as against Rs. 409 crore during Q3 FY13; growth of 13.4% on the back of higher production and improved realization
- Improved operational efficiencies resulted in lower consumption cost, thereby leading to EBITDA improvement from Rs. 63 crore in Q3 FY13 to Rs. 86 crore, growth of 36.5%; further, operating margins improved to 18.5%
- PAT Rs. 40 crore as against Rs. 25 crore during Q3 FY13; expanded by 60.0% driven by overall improved performance and lower interest outgo



Financial Performance – 9M FY14

Nine Months Performance (Rs. in crore)



- Revenue stood at Rs. 1,399 crore as against Rs. 1,248 crore 9M FY13, growth of 12.1%; fueled by higher realization and increased production on the back of optimum capacity utilization
- EBITDA Rs. 236 crore as against Rs. 174 crore 9M FY13, growth of 35.6%; further, operating margins improved to 16.9%; broadening of raw material sources and lower cotton prices aided in keeping operating expenses under check
- PAT Rs. 111 crore as against Rs. 61 crore during 9M FY13; growth of 82.0%; lower interest outgo on account of prudent debt management: majority of debt been placed under TUF scheme`

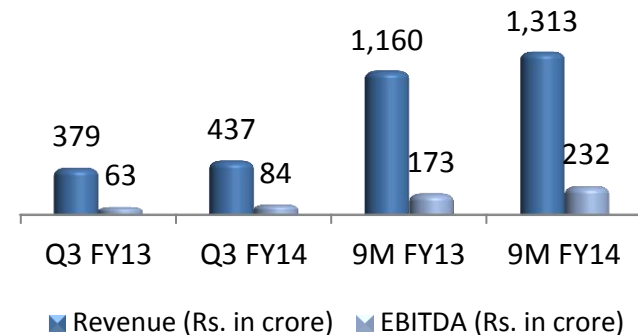


Segment-wise Performance – Q3 & 9M FY14

Yarns

- Higher generation of units and improved realization resulted in revenue expansion
- EBITDA Rs. 84 crore as against Rs.63 crore Q3 FY13 and Rs.232 crore as against Rs.173 crore 9M FY14; growth of 33.3% and 34.1% respectively.
- Increased and improved operational efficiencies resulted in margin improvement from 14.9% to 17.7% in 9M FY14.
- Optimum capacity utilization led to higher generation - production of 19,026 MT during the present quarter as against 18,410 MT during Q3 FY13; During 9M FY14 the Company generated 59,431 MT, as against 57,049 MT during corresponding period last year

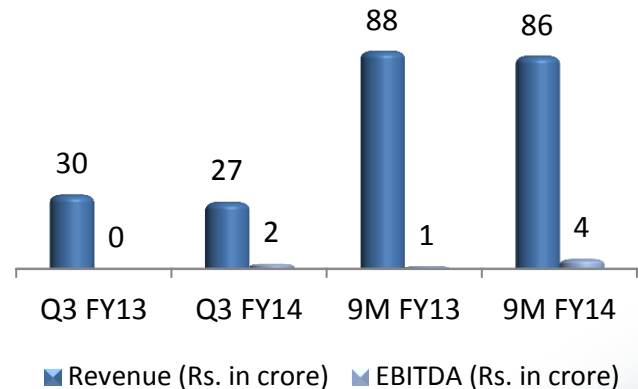
Yarns



Fabrics & Home Textiles

- Revenues at Rs. 86 crore as against Rs. 88 crore in 9M FY13.
- Margin improvement on the back of better cost management strategies
- Sales ('000Mts) generation stood at 1,764 during the present quarter as against 1,984 ('000Mts) during Q3 FY13; During 9M FY14 the Company generated 5,565 ('000Mts), as against 5,977 ('000Mts) during 9M FY13

Fabrics & Home Textiles





Chairman's Comments



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

“Our strategy to focus on manufacturing niche products in the yarn category namely specialty & value added yarns is reflected in sustained improvement in operational and financial performance even in a protracted slowdown prevailing in the macro environment.

Our constant endeavor towards maintaining a high degree of cost efficiencies has also enabled us to soften the impact of cyclicity associated with the business. Favorable domestic and international factors in general have aided the sector by keeping the raw material prices steady during the period. In addition, our innovative R & D enables us to broaden our sourcing capabilities, thus strengthening our ability to mitigate volatile raw material prices over the years.

While the economy at present continues to reel under pressure, we are optimistic that the Company's current implementation of capacity addition and modernization will further consolidate its position within the industry and enable us to deliver healthy financial performance going forward.”

OUTLOOK





Outlook – Sector

Pillar of Growth

Textile Industry plays a pivotal role in the growth of the economy as it accounts for-

- ~4% of GDP;
- ~11% of Country's export earnings
- ~14% of Industrial Production

Manifold Growth

The sector is expected to witness significant growth resulting in expanding from present size - \$89bn to \$220bn by 2020

Domestic Market's growth drivers

Expect strong domestic demand for products mainly driven by

- Changing lifestyles,
- Rising incomes
- Increasing demand for quality consciousness

Export Markets

- Surging exports revenue: Expanded from \$21.1bn in 2008-09 to \$30.97bn in 2012-13; CAGR of 10%
- Growth Outlook: Expected to reach \$60bn over the next three years





Outlook – Sutlej Textiles and Industries Ltd

Planned Capacity expansion

Greater generation of specialty / value added yarns following the recent capacity expansion plan to drive business growth

Domestic market

Growth in Domestic market to remain robust on the back of rising incomes and greater quality consciousness

Export Market

Growth in the export markets to remain stable on the back of revival in the developed economies namely US and Europe

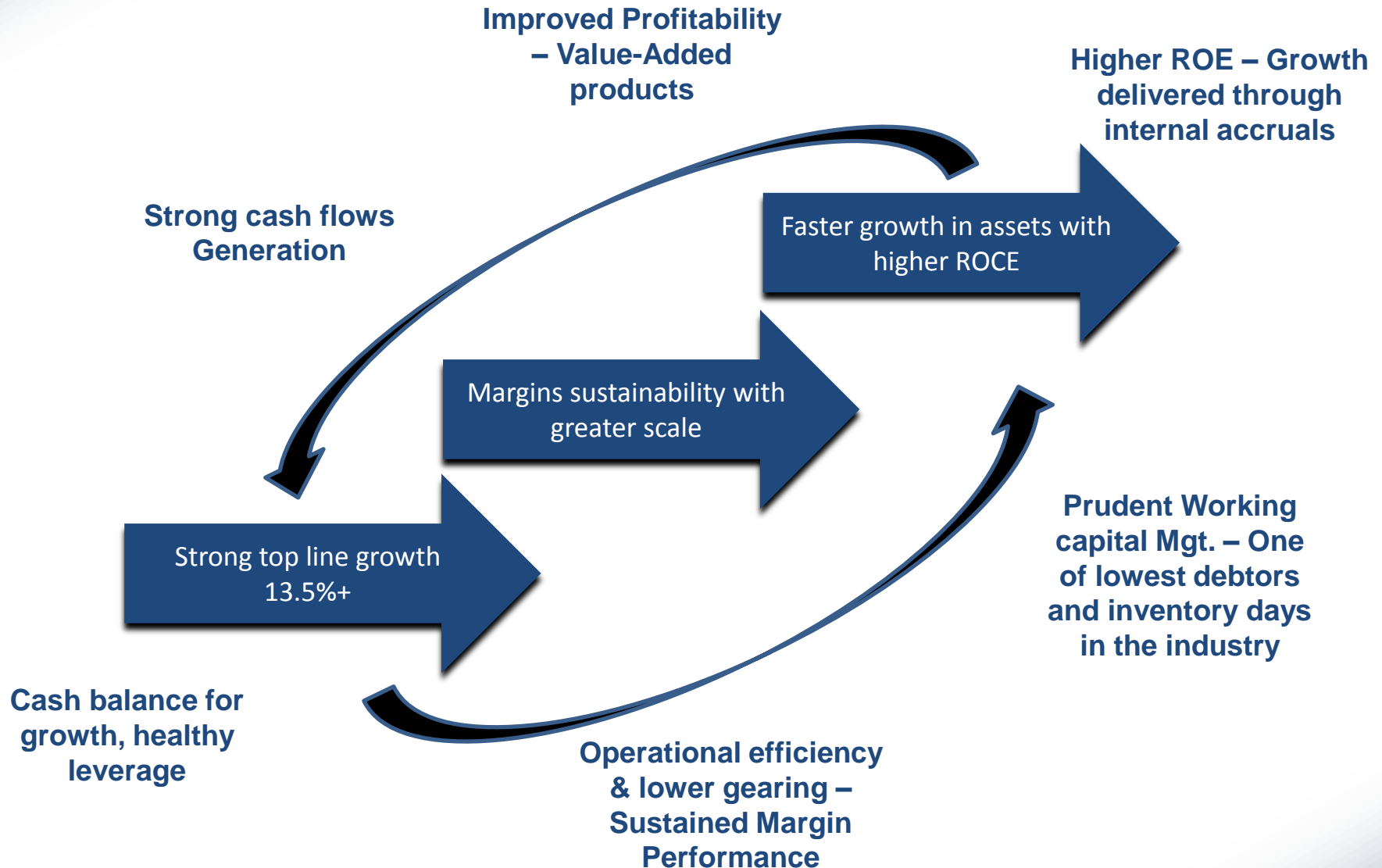
Value Generators

Expect operational and financial efficiencies to maintain margins and profitability





Value Enhancers





About Us

Sutlej Textiles and Industries Ltd (STIL):

Incorporated in 2005, Sutlej Textiles and Industries Ltd (STIL) an ISO 9001:2008 certified is a leading manufacturer focused and integrated Textile Company with wide range of products spreading across yarn to fabrics to home furnishing. STIL excels in all stages of textiles productions, with its versatile production facilities being vertically integrated, from spinning and weaving to dyeing and finishing to making home textile furnishing.

*STIL has also been recipient of numerous prestigious awards recent one are **Niryat Shree – Gold trophy award** in October 2012 for its Export performance in 2009-10 (up 77% over the preceding financial year); **Gold trophy by SRTEPC 2011-12** – Best performance for export of fabrics to focused Latin American countries; **Silver trophy by SRTEPC 2011-12** – Second best export performance in spun yarn category*

STIL, has a global footprint with presence across Australia, Argentina, Bangladesh, Canada, China, Egypt, England, France, Germany, Greece, Hong Kong, Indonesia, Pakistan, Panama, Philippines, Sri Lanka, Turkey, United States of America, the United Arab Emirates (UAE) and Vietnam, among others.

For further information, please contact:

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THANK YOU
