

22nd May, 2018

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 001 Scrip Code: 532782	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 Scrip Code : SUTLEJTEX
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Dear Sirs,

Sub: Revision in Credit Rating

We wish to inform you that the credit ratings of the Company have been revised as under by CARE:

1. CARE AA-; Stable (Double A Minus; Outlook : Stable) for long term fund based loans from CARE AA; Stable (Double A; Outlook : Stable);
2. CARE AA- / CARE A1+ (Double A Minus; Outlook : Stable / A One Plus) for fund based – long term / short term – cash credit / export packing credit / pre-shipment foreign currency facilities from CARE AA; Stable (Double A; Outlook: Stable); and
3. CARE A1+ (A One Plus) has been reaffirmed for non-fund based short term letters of credit / bank guarantee facilities and Commercial Papers.

The rationale and key rating drivers are given in annexure to this letter.

Thanking you,

Yours faithfully,

For Sutlej Textiles and Industries Limited

Manoj Contractor

Company Secretary & Compliance Officer



ANNEXURE

Rationale

The revision in ratings assigned to the bank facilities of Sutlej Textiles and Industries Limited (STIL) reflects decline in profitability margins in FY18 (refers to period from April 1, 2017 to March 31, 2018) owing to reduction in export incentives and disruption post GST implementation, volatility in raw material prices especially polyester staple fibre, increase power & fuel charges (in Rajasthan plant), etc. Consequently debt coverage metrics have been impacted. The ratings continue to derive strength from experienced management in the Textile industry (especially spinning segment), strong business profile being amongst India's leading player in the value added dyed spun yarn /specialty yarn segment and moderate debt coverage metrics.

