

## Press Release

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### **Q4 FY 2015 Results**

#### **Net Profit rises 33% to Rs. 27.42 crore**

#### **Board of Directors recommend highest ever dividend of Rs. 10 per share translating into a 17% payout**

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**Mumbai, May 7, 2015:** Sutlej Textiles and Industries Ltd (STIL), a leading manufacturer of value added dyed yarns (synthetic & cotton mélange) and home textiles, has announced its results for the quarter and year ended 31<sup>st</sup> March 2015.

#### **Q4 FY 2015 performance overview compared with Q4 FY 2014**

- Revenue stood at Rs. 468 crore as compared to Rs. 482 crore
- EBITDA stood at Rs. 68 crore as compared to Rs. 70 crore
- Net profit stood at Rs. 27 crore as compared to Rs. 21 crore
- EPS amounted to Rs. 16.74 as compared to Rs. 12.60

#### **FY 2015 performance overview compared with FY 2014**

- Revenue stood at Rs. 1,878 crore as compared to Rs. 1,881 crore
- EBITDA stood at Rs. 272 crore as compared to Rs. 306 crore
- Net profit stood at Rs. 115 crore as compared to Rs. 131 crore
- EPS amounted to Rs. 70.48 as compared to Rs. 80.19

**Commenting on the results, Mr. C.S. Nopany, Chairman, Sutlej Textiles and Industries Ltd said** *“The Financial Year 2015 has been a challenging year for the textile industry across the globe. Margins were under pressure due to lackluster demand and the sharp fall in the prices of crude oil and other commodities.*

*However, for Sutlej it was quite eventful. The Company has launched several initiatives to boost its top line as well as bottom line. We have exited the non-profitable segments of our business and have made considerable headway in improving margins by rationalizing our product mix.*

*Sutlej has entered into a MOU to acquire Birla Textile Mills with 83,376 spindles and has also started commercial operations from the new capacities that came online during the year. I am also pleased to announce that our Board has approved a brownfield project of establishing an additional 31,104 spindles to produce value added dyed mélange cotton yarn which will further increase our market share.*

*Looking ahead, we are excited and optimistic about our business as we believe that improving contribution from high margin value added products, coupled with prudent cash deployment and initiatives towards strengthening Home Textiles business will assist us in delivering better and consistent performance going forward.”*

## Key Developments

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### Acquisition of Birla Textile Mills

- Board of Directors approved the purchase of Birla Textile Mills (BTM) as a going concern on a slump sale basis
- BTM, a unit of Chambal Fertilisers and Chemicals Ltd, is located at Baddi, Himachal Pradesh
- The consideration for purchase of BTM works out to Rs 232.63 Crores (including net current assets) subject to closing and other adjustments, if any.
- Margin accretive transaction will be funded through a mix of Internal accruals, debt & other options
- BTM's present capacity of 83,376 spindles – manufacturing cotton, synthetic & blended yarn in Grey & dyed form; STIL's total spinning capacities to reach 3,77,112 spindles post-acquisition
- During FY15, BTM reported revenues of Rs. 413 crore
- Transaction to be effective from April 1, 2015 – subject to approval from shareholders and other statutory clearances

### Strong contribution from high margin Value Added Cotton Mélange and Cotton Blended Dyed Yarn

- Commenced commercial production of Value Added Cotton Mélange and Cotton Blended Dyed Yarn from its additional 31,104 spindles installed at its unit - Chenab Textile Mills, Kathua (J&K) w.e.f. 1st November 2014 at a cost of Rs 151 crore.
- Existing total spinning capacity stands at 2,93,736 spindles, of which ~96,000 spindles are utilized to manufacture Cotton Mélange and Cotton Blended Dyed Yarn
- The Company targets achieving higher utilization than planned within the first full year of operations (FY2016) following higher acceptance of product from the customers
- Higher output of value added products to enhance the Company's margins and profitability going forward

### Brownfield project - capacity expansion of Value Added Products

- The Company's Board has approved brownfield capacity expansion of 31,104 spindles at its Bhawani Mandi, Rajasthan facility
- Incremental capacity would be dedicated towards producing Value Added Cotton Mélange and Cotton Blended Dyed Yarn
- Estimated Project Cost is Rs. 235 crore to be funded by mix of internal accruals and debt
- Work on the project is likely to commence from Q3 FY16

### Augmenting Home Textiles Division

- Expanding operations in Home Textiles division at one of the Company's units viz, Damanganga Home Textiles, Daheli, Bhilad, Gujarat. Post completion, the capacity in its existing facility will increase to 9.6 million metres p.a. from earlier 2.5 million metres p.a.
- Total project cost - Rs. 88.5 crore
- Project is to be completed in phases; with first phase to be operative in July 15 (Q2 2015)
- Increased presence in Home Textile segment will result in further strengthening of Company's end to end operations – Yarn to Home Textile

### Modernization Update

- Invested around Rs. 58 crore during FY15, towards technology up-gradation and debottlenecking, etc. this will result in further improvement of efficiencies and plant utilization. It intends to make further investment of Rs. 53 crore towards the same

### Award for Export Performance

- The Company was felicitated with the esteemed “**Niryat Shree**” award by Hon'ble President of India on December 01, 2014 at Vigyan Bhawan, New Delhi for achieving 71% growth in exports.
- The Company was also presented the prestigious “**SRTEPC**” award by Shri Santosh Kumar Gangwar, Hon'ble Minister of State for Textiles (Independent Charge) on December 09, 2014 in Mumbai.

## About Sutlej Textiles and Industries Ltd (STIL)

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CIN: L17124RJ2005PLC020927

Sutlej Textiles and Industries Ltd (STIL), an ISO 9001:2008 certified Company, is one of India's largest spun dyed yarn manufacturer. Under the leadership of Mr. C S Nopany, Chairman of STIL, a Chartered Accountant and Master of Science in Industrial Administration from Carnegie Mellon University, the Company has focused on value added yarns namely – Dyed Yarn, Cotton Mélange yarn, Modal yarn, Tencel yarn, Bamboo yarn, Linen blended yarn etc. and build significant presence across the value chain. Over the years, the Company has also successfully carved out a niche for itself and emerged as a leading player in the dyed yarn segment.

STIL has a strong global clientele and exports to almost 60 countries. It has presence across major developed and emerging economies like Australia, Argentina, Bangladesh, Brazil, Canada, China, Egypt, Germany, Greece, Hong Kong, Morocco, Pakistan, Panama, Philippines, Poland, Portugal, Sri Lanka, Turkey, United States of America, the United Arab Emirates (UAE), The United Kingdom and Vietnam, among others.

STIL has also been recipient of numerous prestigious awards like Niryat Shree – Gold trophy award for its Export performance in spun yarn; Gold trophy by SRTEPC for best performance for export of fabrics to focused Latin American countries and Silver trophy by SRTEPC for Second best export performance in spun yarn category.

### For further information, please contact:

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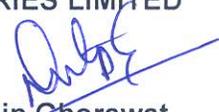




**Notes:**

1. Consequent to the enactment of the Companies Act, 2013 (the Act) as amended and its applicability for accounting period commencing from 1st April, 2014, the Company has re-worked depreciation with reference to the economic useful life of its fixed assets as prescribed by Schedule II of the Act or re-assessed by the Company based on technical certificate and consequently there is no material impact in the depreciation for the quarter and year ended March 31, 2015.
2. During the first quarter of the financial year 2014-15, some stocks of finished goods in a godown were totally gutted by fire. In a separate incident, there was damage to some factory buildings & machinery and stocks due to a severe hailstorm. The Company has already filed claims for the above damages with the Insurance Companies and the Surveyors have also filed their reports with the respective Insurance Companies. To reflect true and fair results for the year ended, the Company had accounted for insurance claims of Rs.1334 lacs towards cost of finished goods damaged by fire and expenses incurred for replacement of the damaged assets, instead of accounting on receipt basis as per earlier policy. The Management is hopeful of recovery of the entire insurance claim. If earlier accounting policy would have been followed, other operating income for the year would have decreased by Rs.931 lacs, other expenses would have increased by Rs.403 lacs and Income Tax, Profit after Tax for the year would have reduced by Rs.453 lacs and Rs.881 lacs respectively.
3. Exceptional items include Rs.66 lacs gain on sale of Plant & Machinery pertaining to weaving unit (Part of fabric division) situated at Daheli, which was closed w.e.f 1<sup>st</sup> October, 2014 due to un-economic operations and Rs.134 lacs being provision for loss on Plant & Machineries held for sale pertaining to Power Plant of Daheli unit which was impaired in previous year due to uneconomical operation.
4. The Board of Directors at their meeting held on 14<sup>th</sup> March 2015, has approved the purchase of Birla Textile Mills (BTM) a unit of Chambal Fertilisers and Chemicals as a going concern on 'slump sale' basis effective from 1st April 2015, subject to necessary approvals. BTM is located at Baddi (Himachal Pradesh) and is having 83,376 Spindles and manufactures Cotton, Synthetic and Blended Yarn in Grey and Dyed forms.
5. The Board of Directors has recommended a dividend of Rs.10 /- per Equity Share of Rs.10 each for the year ended 31<sup>st</sup> March, 2015, subject to approval of shareholders.
6. The figures of last quarter for the current year and for the previous year are the balancing figures between the audited figures in respect of the full financial year ended 31<sup>st</sup> March and the unaudited published year to date figures up to the third quarter ended 31<sup>st</sup> December, which have been reviewed by the Statutory Auditors.
7. Previous period/year figures have been regrouped and rearranged wherever necessary.
8. The above results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on May 06 and May 07, 2015.

By Order of the Board  
For SUTLEJ TEXTILES AND INDUSTRIES LIMITED



Dilip Ghorawat  
Whole-time Director & CFO

Place : Mumbai  
Date : 07.05.2015

