

07th November, 2019

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. Scrip Code: 532782	National Stock Exchange of India Limited 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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Re:- Results Presentation

Dear Sirs,

Please find enclosed herewith a copy of the presentation with respect to the Un-audited Financial Results (Standalone and Consolidated) of the Company for the quarter and half year ended 30th September, 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 Limited

Re-inventing itself



Safe Harbor

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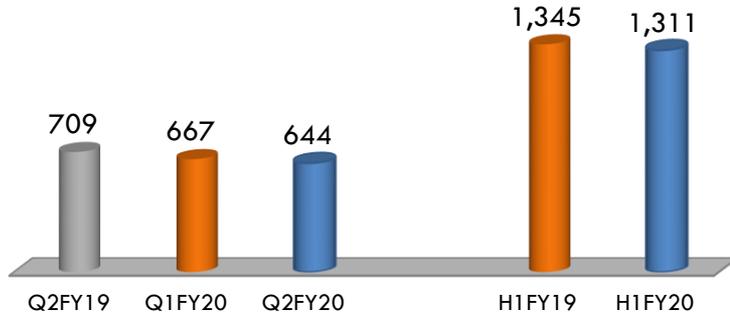


Q2 FY20 Results Highlights

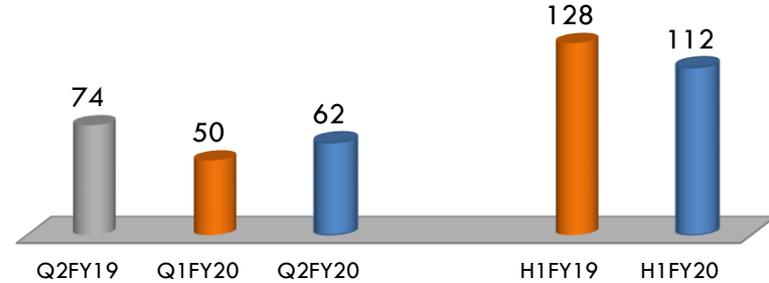
Improving efficiencies...

Results Highlights (Consolidated) – Q2 & H1FY20

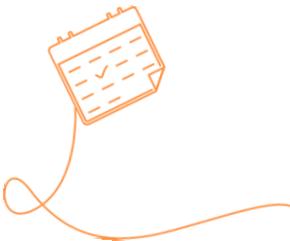
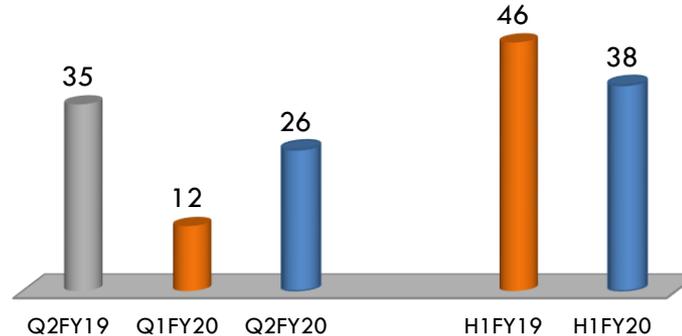
Total Income (Rs Cr)



EBITDA (Rs Cr)

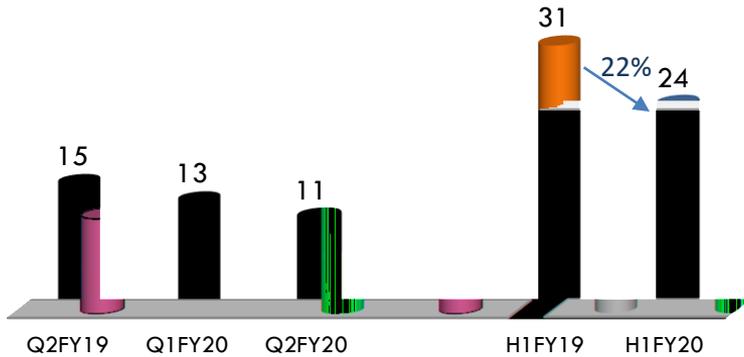


PBT (Rs Cr)

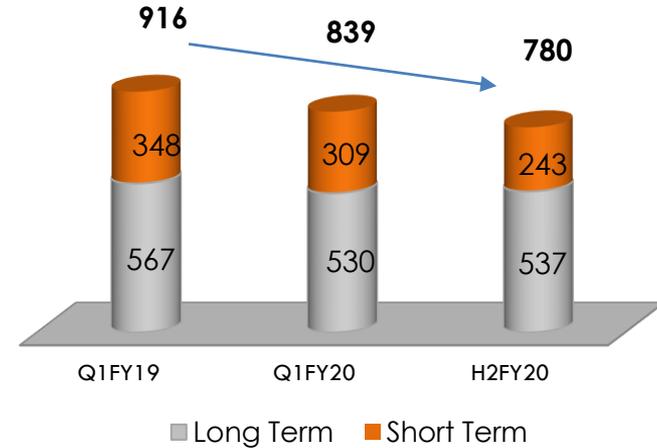


Results Highlights (Consolidated) – Q2 & H1FY20

Finance Cost (Rs Cr)



Total Debt (Rs Cr)

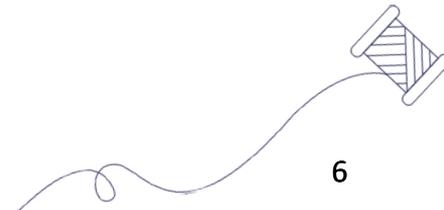


- ✓ Total Debt has reduced by Rs.136 crore in the last 1 year
- ✓ Finance cost reduced by 22% in H1FY20 due to efficient working capital management and reduction in overall debt

Profitability Highlights

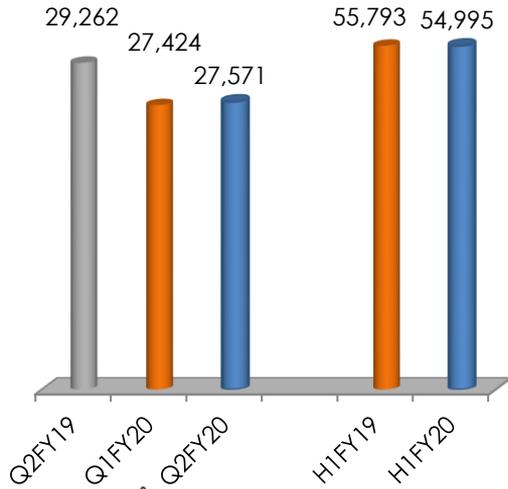
Particulars (Rs. In Crs)	Standalone			Consolidated			H1	H1
	Q2 FY20	Q1 FY20	QoQ chg %	Q2 FY20	Q1 FY20	QoQ chg %	FY20	FY19
Total Income	634	656	-3%	644	667	-3%	1311	1345
EBITDA	63	51	24%	62	50	24%	112	128
EBITDA %	9.9%	7.7%	218 bps	9.6%	7.5%	218 bps	8.6%	9.5%
PBDT	52	38	37%	51	37	38%	88	97
PBT	28	13	110%	26	12	120%	38	46
PAT	18	9	113%	17	7	124%	24	33
PAT %	2.9%	1.3%	156 bps	2.6%	1.1%	147 bps	1.8%	2.4%

- ✓ Sales remained flat due to subdued demand in domestic and international markets.
- ✓ EBITDA Margin improved during the quarter by 218 bps with lower RM cost during the quarter
- ✓ PAT improved by 113 bps compared to earlier quarter

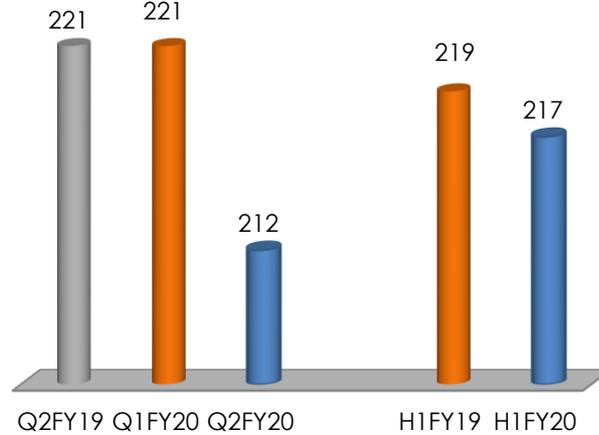


Key Performance Highlights – Q2 FY20 & H1FY20

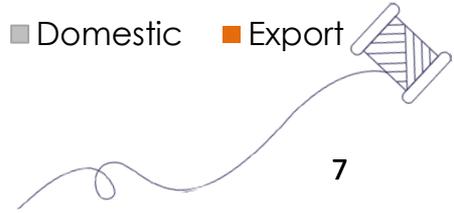
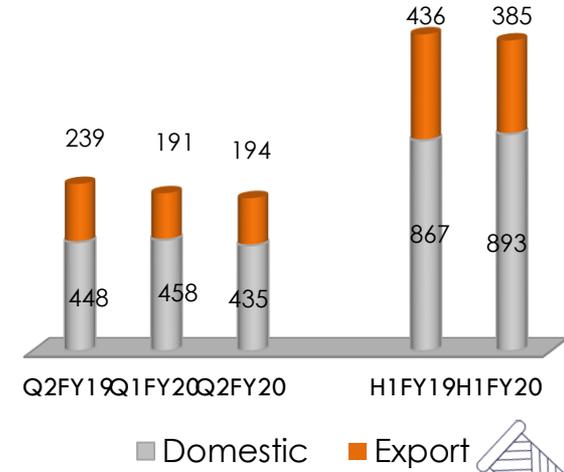
Yarn Sales (in MT)



Avg. Yarn Realization (Rs/kg)



Domestic & Export Revenues (Rs Crs)



Executive Chairman's comments



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 continued with subdued domestic demand and falling exports due to the global slowdown. Sutlej continued its efforts of cost cutting, improving efficiencies, debottlenecking and realigning its product mix. This has helped us in maintaining profitability and perform better than the industry average. We believe that, while the present challenges are likely to continue in short term, our business fundamentals are strong which will enable Sutlej to deliver a strong performance once the economic scenario improves."





Sutlej

Creation of a Strong Foundation over the years



Sutlej Textiles - Overview

Largest Spun Dyed Capacity

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 and
Experienced Management

Niche Presence

Presence in all value added yarns and high end Melange yarn
Presence in curtains and upholstery in Home Textile segment

Exports to + 65 countries

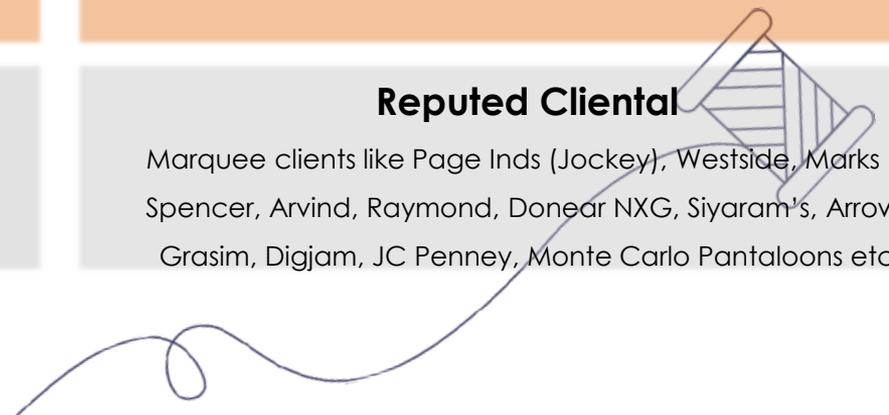
Exports across Europe, North America, South-East Asia, USA, Asia

Well Diversified Capacities

4,20,840 spindles capacity of Yarn
9.6 Million Meters Per Annum capacity of Home Textiles

Reputed Cliental

Marquee clients like Page Inds (Jockey), Westside, Marks & Spencer, Arvind, Raymond, Donear NXG, Siyaram's, Arrow, Grasim, Digjam, JC Penney, Monte Carlo Pantaloons etc



Key Milestones

Entered into Home Textiles

Expansion of Kathua and Bhanwanimandi units by 35,400 spindles and 2,112 spindles to manufacture PV Dyed Yarn completed

Bhanwanimandi Expansion

Completed Expansion of 7,488 spindles for PV Dyed Yarn

12,672 Spindles added for manufacturing Cotton Yarn

Commenced commercial production of 31,104 Spindles at Chenab Textile Mills, J&K to manufacture Cotton Mélange and Cotton Blended Dyed Yarn

Installed 12 MW Thermal Power Plant at Bhanwanimandi unit

Acquisition of Birla Textile Mills

35,280 spindles – commenced commercial production for Cotton blended dyed and Mélange Yarn at Rajasthan

Acquired Design, Sales, and Distribution (DS&D) business along with brand of **American Silk Mills LLC (ASM)**

Invested USD 4.5 Million in Wholly Owned Subsidiary in USA

Backward integration into green fiber

Modernization of Home Textile Facility

2006-07

2008-09

2009-10

31,104 spindles added at Chenab Textile Mills - J&K for value added cotton mélange and cotton blended dyed yarn

2014

9.6 MMPA - commenced production of Home Textile facilities at Gujarat

2015-17

2017-19

2019-20

Business Verticals

Value Added Yarns

Dyed Yarns

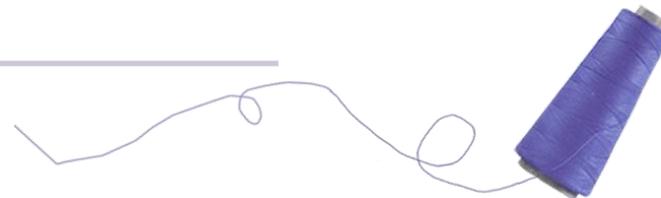
Melange Yarns

Home Textiles

Curtains

Upholstery

Made Ups



Sutlej – Charged to grow higher

Focussed on Value Added Dyed yarns

Leading spun dyed & Melange
Yarn Manufacturer in India

sutlej
textiles and industries limited



Improving Operating Efficiencies

One of the best Capacity
Utilization in Industry
Better RM & Power cost through
Green Fibre and Solar Energy

Niche Home Textile

Curtains, Upholstery and Made ups

Growth Drivers

Home Textile
New Adjacent Segments
Inorganic Growth

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

Non Exec Director

Mr. Ashok Mittal

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

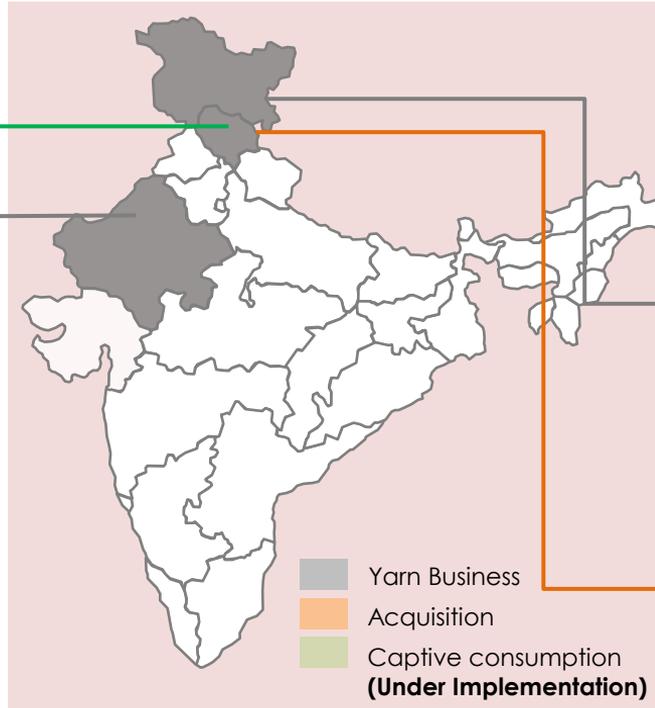
Yarn Capacities

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

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**

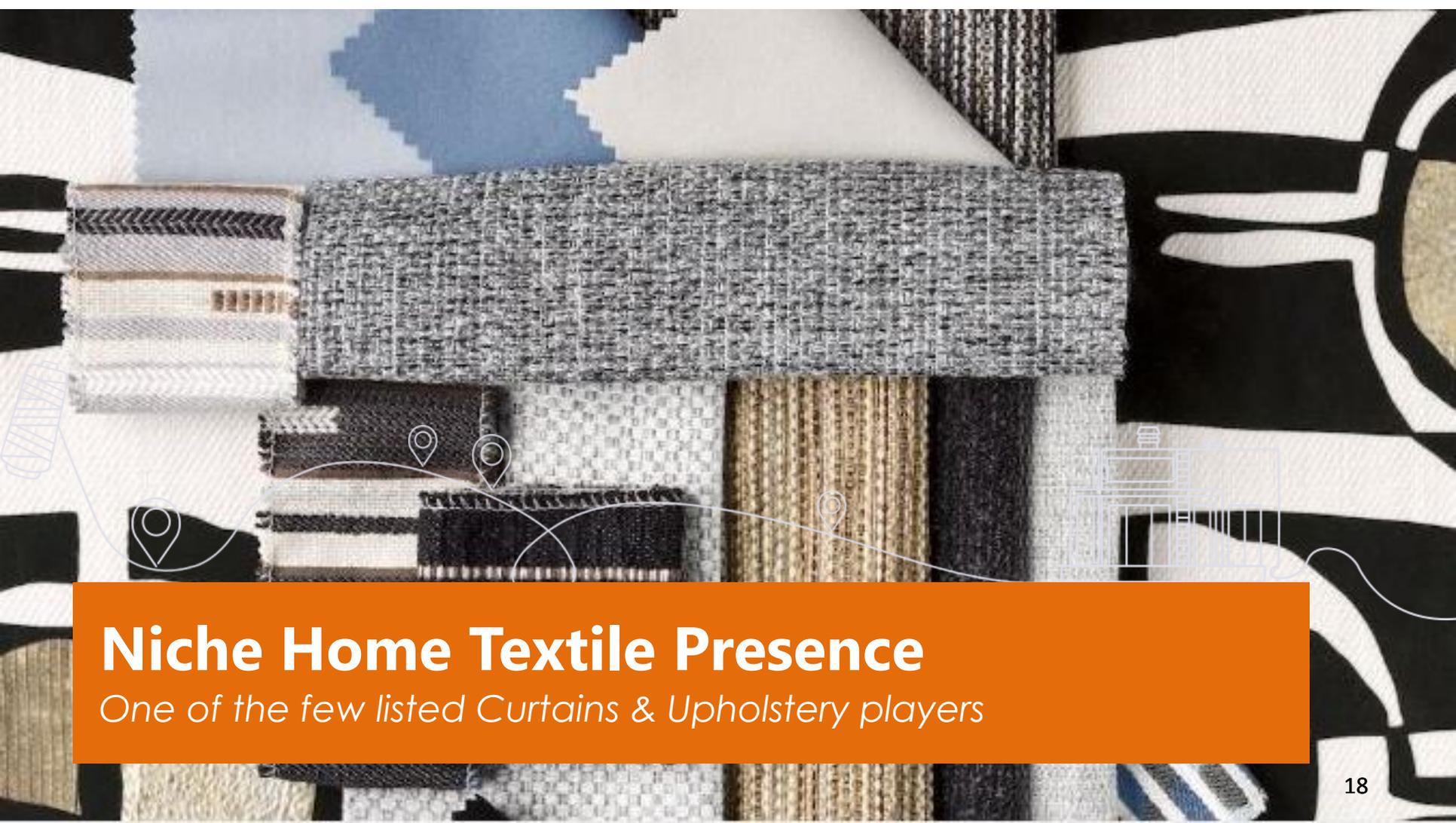
- ✓ Marquee clients like Page Inds (Jockey), Westside, Marks & Spencer, Arvind, JC Penney, Monte Carlo Pantaloons etc,
- ✓ B2B business model with over 60% revenue from organized sector
- ✓ Robust Business Model with low concentration and diversified geographical spread
- ✓ Strong Brand Recall in Yarn Segment

▪ **Strong Global Footprint**

- ✓ Around 35% Revenue 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





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

Continuous Increase in Loom Capacities



Strengthening Capabilities in Home Textiles

Enhance Manufacturing Capabilities

Branding

Developed new brand identity to launch high end collection under own brand



Initiatives and Way forward for Home Textiles Business

▪ **Certifications**

- ✓ Obtained certifications like Oeko Tex, ISO 9001, ISO 14001, ISO 45001 to meet requirements of US and European markets.
- ✓ Preparing to meet certification by Sedex SMETA.

▪ **Strengthening Design capabilities**

- ✓ Participation of Design team at Heimtextile, London Design Week, Proposte, Maison & Objet, Mood/Indigo, Furniture Show for creation of innovative and in-trend product

▪ **Collaboration with Yarn division**

- ✓ Collaboration for using in-house yarns to create differentiated product offering, to carve out niche and reposition Sutlej as a creative producer of home textiles.
- ✓ Create innovative looks in drapery with our yarns. Since trends trickle from apparel to home textiles, can use this to our advantage

▪ **Product Basket enhancement**

- ✓ Newly developed functional and design oriented prints. Sustainability range being developed.

The background features a collage of various silk fabrics and handwritten notes. On the left, there are rolls of fabric with intricate patterns: a floral design in gold and brown, a solid light grey, and a brown and white striped pattern. On the right, there are pieces of fabric with small floral motifs and a grey and white striped pattern. In the center, there are handwritten notes in black ink on a light-colored paper, including the words "Fail 22c.", "1 Sat", "2 Sat", and "3 Sat".

AMERICAN SILK

TIMELESS DESIGN SINCE 1896

www.americansilk.com

Building Organization

Initiatives and Way forward for ASM

▪ Consumer focused Design & Development

- ✓ Design archive of 100,000 images exist and accessible dating back to 1896
- ✓ Relaunch of ASM website & aggressive PR launch
- ✓ Create compelling, relevant, and saleable textiles originating from credible market analytics & customer collaboration
- ✓ Use of Virtual Ethnography, Direct Consumer Feedback
- ✓ Launch of EnduroSilk™ luxury silk-like performance textile which surpassed industry leaders to place #2 in Casual Living's Top 10 Countdown of Best in Class and appeared in Furniture Today

▪ Cost Advantage & Synergy with Sutlej

- ✓ Introducing new Sutlej patterns as 'ASM Loft' and new Sutlej patterns in Off Loom Collection
- ✓ Leverage Sutlej's strengths along with strategic partnerships to achieve a sustainable, competitive advantage with scale, value, and expertise



Initiatives and Way forward for ASM (Contd...)

▪ Simplify Supply Chain

- ✓ Streamlining processes and leveraging the cost of strategic partners
- ✓ Establish alliances with strategic partners, reduced costs, shorten lead-times, and simplify supply chain
- ✓ Penetrate new channels

▪ Penetrate new channels

- ✓ Strategically target new market segments and channels like Residential furniture, Residential jobbers, Large design firms, e-commerce and hospitality.

▪ Warehouse Operational Excellence

- ✓ Create an adaptive environment that reduces waste, is responsive to customer needs, and scalable for growth
- ✓ Introduced 5 S into warehouse operations
- ✓ Warehouse is made compliant with OSHA guidelines
- ✓ Improved percent of on-time deliveries significantly.

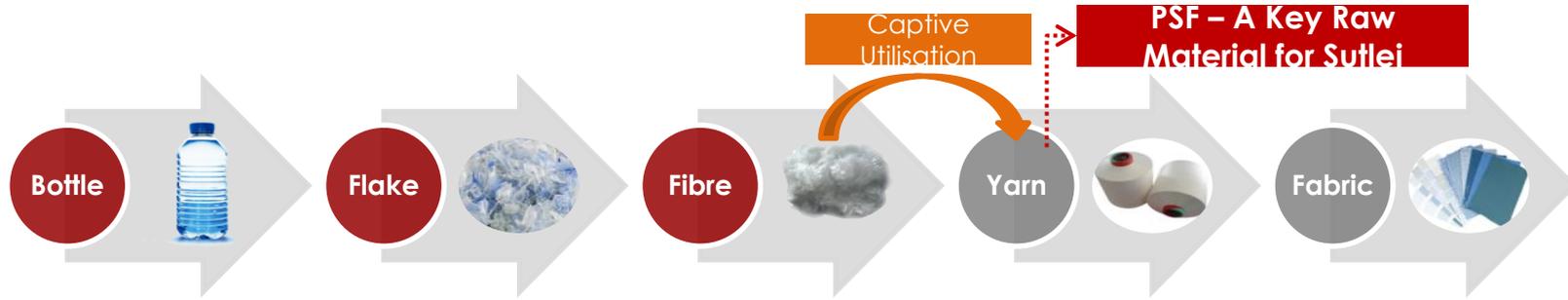




Improving Operating Efficiencies

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

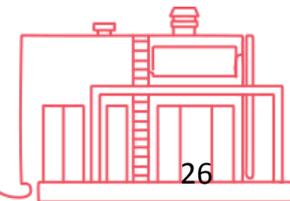
Backward Integration into Green Fiber



Description	Details
Capacity to produce Raw white and black recycled fibre	120 MT / Day
CAPEX (estimated)	Rs. 189 crore
Location (adjacent to our existing yarn manufacturing unit)	Baddi, Himachal Pradesh
Expected Commercial Production	Q1FY20-21
Spent up to date	~Rs.70 crores

Current Status : Project on schedule. Civil Work is ongoing and orders for most of key plant and machinery have been placed

Fulfil 75% of Captive Requirement of Key Raw Material PSF
Efforts to brand recycle fibre to fetch better realization in US and Europe markets



Focus on Reducing Energy Cost

- Installed **Roof Top Solar plant of 2.7 MW** at new unit in Bhawanimandi, Rajasthan,
- Resulting in over 70% saving in per unit power cost compared to State Tariff



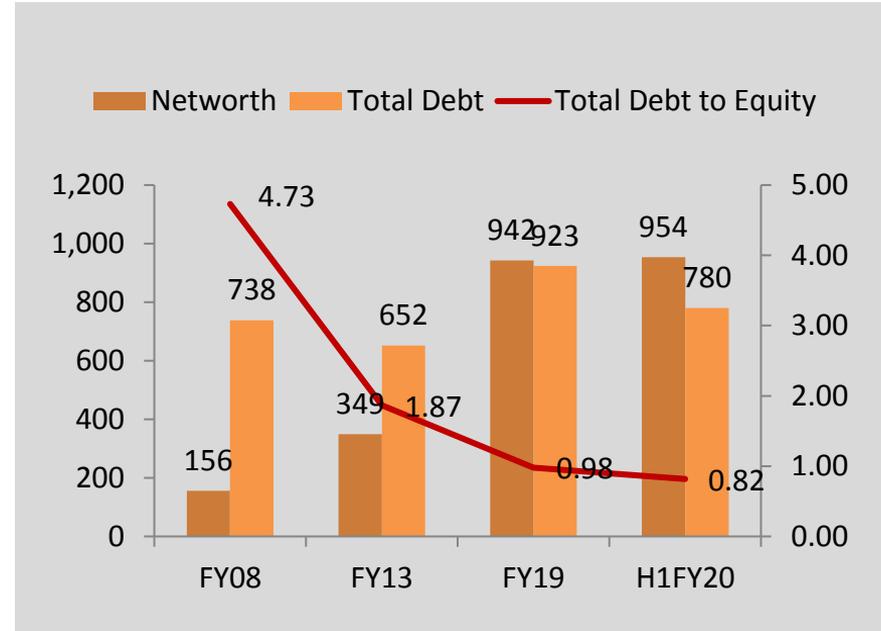
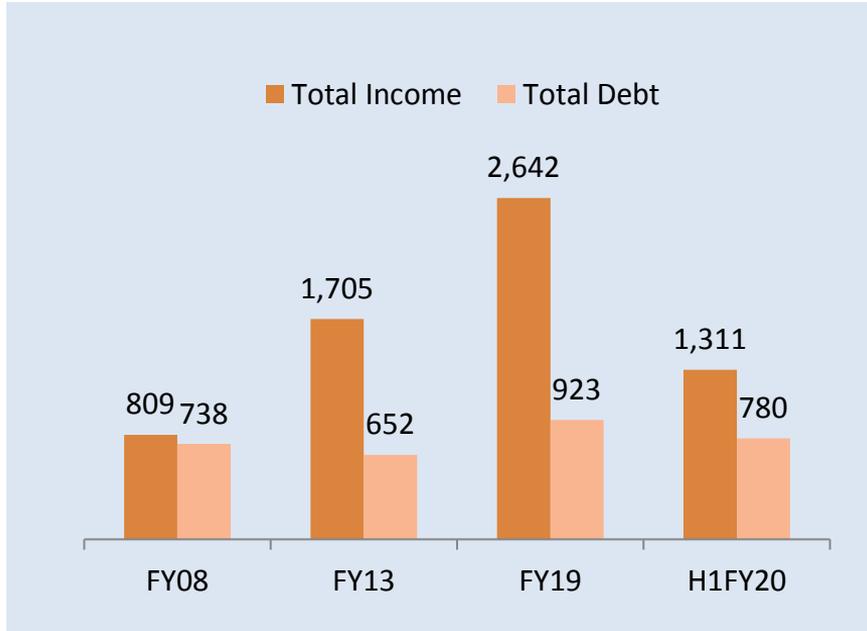
Solar Plant at Bhawanimandi, Rajasthan



Sutlej 2.0 – Growth Strategy

Charged to grow higher backed by a strong Foundation

Always Focused on Disciplined Growth



Deleverage Balance sheet by reduction in Overall Debt in past one year.



Well Placed for next Growth Phase

- Effective control on key Raw material cost

Backward Integration



- Improving performance of ASM & integration with Sutlej
- 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



- Deleverage overall Debt to strengthen financing position
- Generate better Return Ratio's

Inorganic Growth opportunity

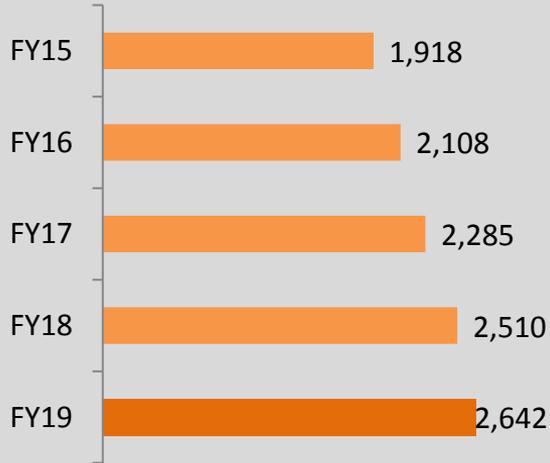




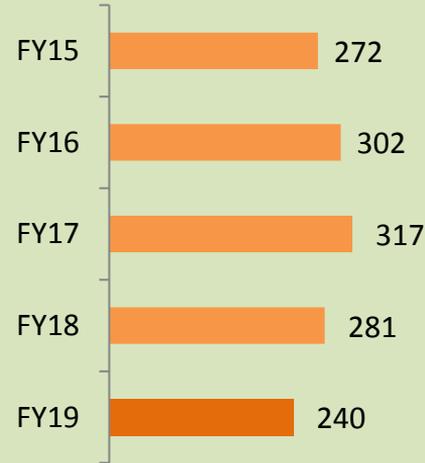
Annexure - Financials

5 year Performance Highlights

Revenue



EBITDA



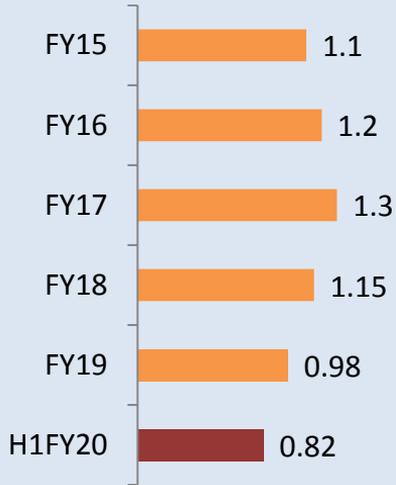
PAT



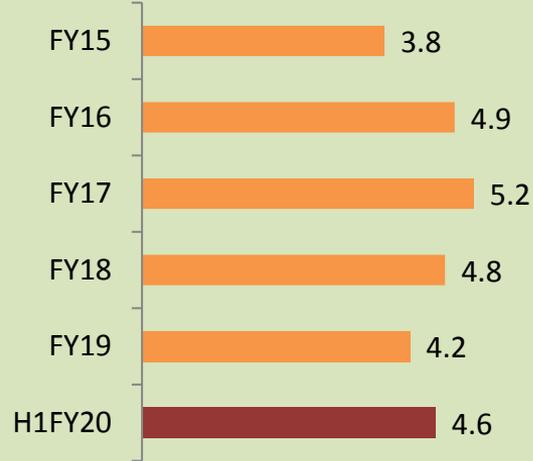
The Company acquired American Silk Mills, LLC on 6th Nov 17 and hence FY 2017-18 is first year of consolidation and FY2018-19 is first full year of Operation.

Balance sheet Ratios

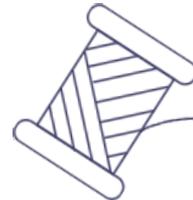
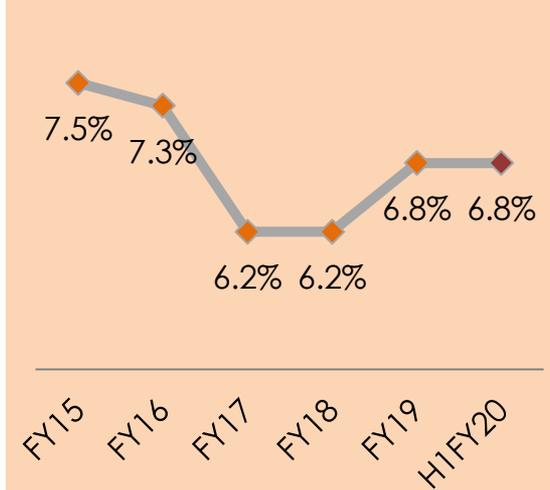
Comfortable Total Debt/Equity Ratio



Robust Interest Coverage



Average Interest Rate of Term Loans (After TUF)



Appreciation and Awards

AWARD FOR EXPORT PERFORMANCE DURING 2018-2019

- Gold Trophy for highest exports of yarn (Processed Yarns) in category II by TEXPROCIL
- Special Achievement Award – Gold Trophy



AWARD FOR EXPORT PERFORMANCE DURING 2017-2018

- Silver Trophy for Second highest exports of Cotton yarn (Processed Yarns) in category II by TEXPROCIL
- Bestowed 'Silver Trophy' for the 'Second Best Export Performance of Spun Yarns' for 2017-18 by SRTEPC



TEXPROCIL



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

THANK YOU!

Let's Connect



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