

06<sup>th</sup> February, 2020

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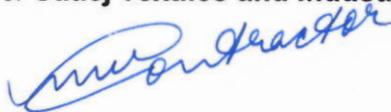
**Re:- Results Presentation**

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 nine months ended 31<sup>st</sup> December, 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*



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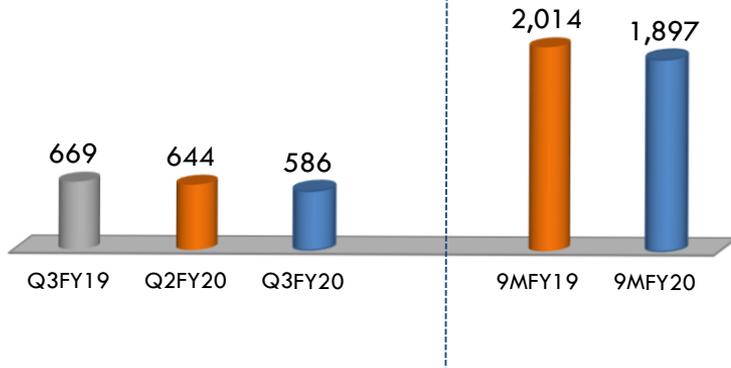
The background features a collage of textures and handwritten notes. On the left, there are various fabric patterns including a white lace-like pattern, a light green textured fabric, and a blue and white checkered pattern. On the right, there are handwritten notes in cursive and print, some of which are partially obscured by a circular graphic. The notes include phrases like "Curdi's Song", "Date 20/10", "Jdk 2/10", "13.2 km", "24", "36", "12", "35", and "15".

# Q3 FY20 Results Highlights

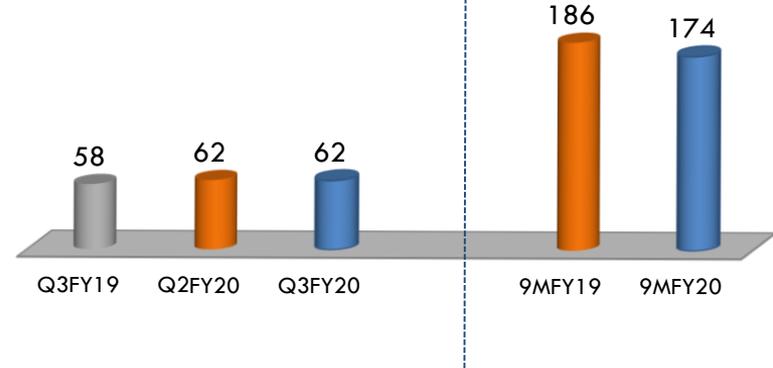
*Improving efficiencies...*

# Results Highlights (Consolidated) – Q3 & 9MFY20

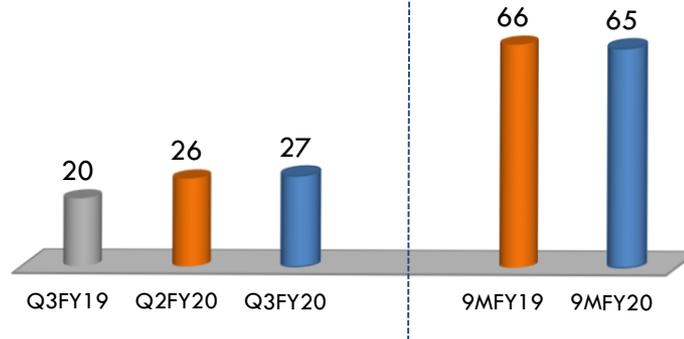
### Total Income (Rs Cr)



### EBITDA (Rs Cr)

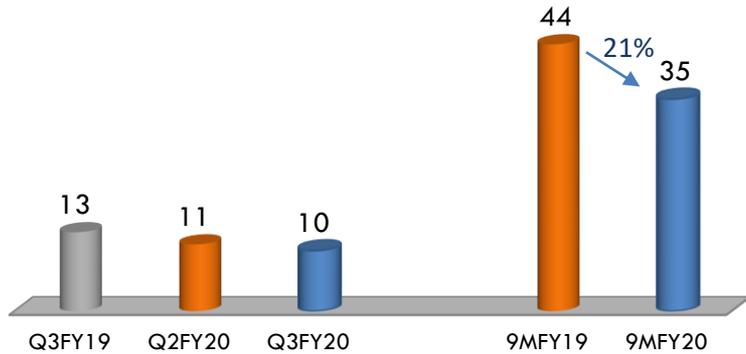


### PBT (Rs Cr)

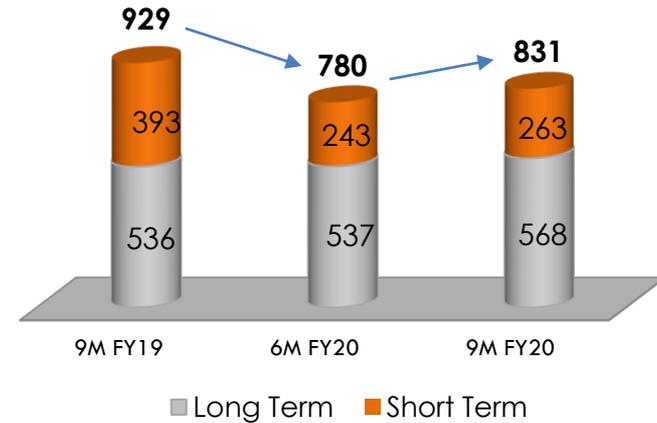


# Results Highlights (Consolidated) – Q3 & 9MFY20

### Finance Cost (Rs Cr)



### Total Debt (Rs Cr)



- ✓ Total Debt reduced by Rs. 98 crore in the last 1 year. There is increase in Debt Q3FY20 due to the ongoing capex for Green Fibre project.
- ✓ Finance cost reduced by 21% in 9MFY20 with efficient working capital management and reduction in overall debt

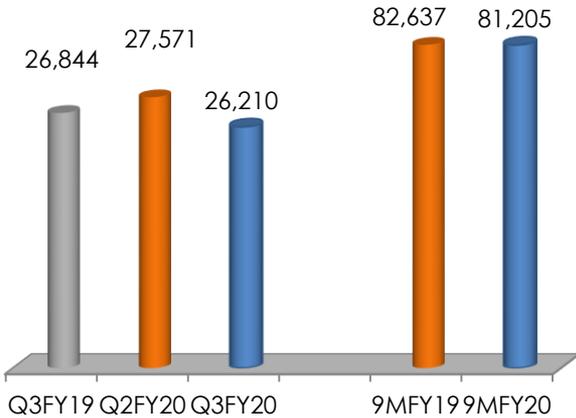
# Profitability Highlights

Particulars (Rs crore)	Consolidated							
	Q3 FY20	Q3 FY19	YoY Chg %	Q2 FY20	QoQ Chg %	9M FY20	9M FY19	YoY Chg %
<b>Total Income</b>	<b>586</b>	<b>669</b>	<b>-12%</b>	<b>644</b>	<b>-9%</b>	<b>1,897</b>	<b>2,014</b>	<b>-6%</b>
<b>RM cost</b>	<b>306</b>	<b>403</b>	<b>-24%</b>	<b>363</b>	<b>-16%</b>	<b>1,067</b>	<b>1,178</b>	<b>-9%</b>
<b>Gross Profit</b>	<b>280</b>	<b>266</b>	<b>5%</b>	<b>281</b>	<b>0%</b>	<b>831</b>	<b>836</b>	<b>-1%</b>
<i>Gross Profit Margin (%)</i>	<i>47.73%</i>	<i>39.80%</i>	<i>793 bps</i>	<i>43.67%</i>	<i>406 bps</i>	<i>43.78%</i>	<i>41.51%</i>	<i>227 bps</i>
<b>EBITDA</b>	<b>62</b>	<b>58</b>	<b>8%</b>	<b>62</b>	<b>0%</b>	<b>174</b>	<b>186</b>	<b>-6%</b>
<i>EBITDA Margin (%)</i>	<i>10.59%</i>	<i>8.63%</i>	<i>196 bps</i>	<i>9.64%</i>	<i>95 bps</i>	<i>9.18%</i>	<i>9.24%</i>	<i>-6 bps</i>
<b>PBT</b>	<b>27</b>	<b>20</b>	<b>33%</b>	<b>26</b>	<b>3%</b>	<b>65</b>	<b>66</b>	<b>-2%</b>
<b>PAT</b>	<b>17</b>	<b>15</b>	<b>14%</b>	<b>17</b>	<b>5%</b>	<b>42</b>	<b>48</b>	<b>-13%</b>
<i>PAT %</i>	<i>2.97%</i>	<i>2.29%</i>	<i>68 bps</i>	<i>2.58%</i>	<i>40 bps</i>	<i>2.19%</i>	<i>2.38%</i>	<i>-19 bps</i>

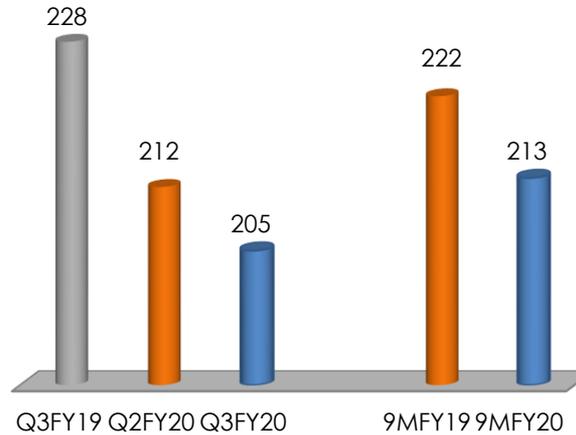
- ✓ Global economic slowdown and reduction in realizations impacted revenue whereas utilization in Q3FY20 stood at 94.3% against 93.8%
- ✓ Gross Margins improved by 800 bps YoY in Q3FY20 on account of reduction in key raw material costs
- ✓ EBITDA Margin improved during the quarter by 196 bps with lower RM costs and improved internal efficiencies
- ✓ PAT grew by 14% YoY in Q3FY20 compared to earlier quarter, on account of efficient working capital management and debt repayment, finance cost down by 21% in YoY

# Key Performance Highlights – Q3FY20 & 9MFY20

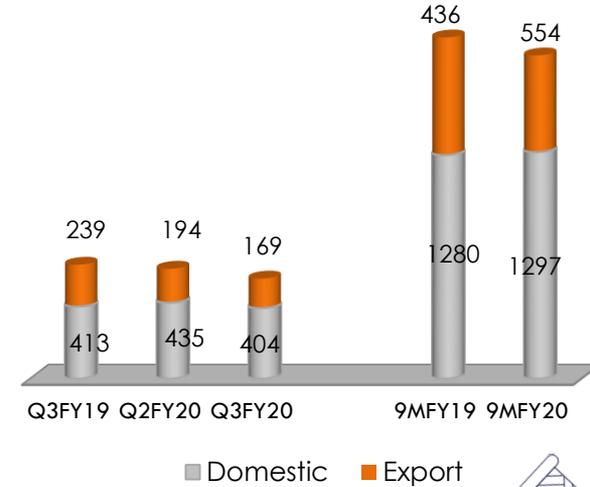
### Yarn Sales (in MT)



### Avg. Yarn Realization (Rs/kg)



### Domestic & Export Revenues (Rs Crs)



- Avg. Yarn realization and Export Sales remained under pressure due to subdued demand

# 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:**

*"Subdued domestic demand and falling exports continued due to falling GDP growth coupled with global slowdown. However various initiatives taken by the company for cost cutting, improving efficiencies, debottlenecking and realigning its product mix helped us in performing better than industry average. We believe consumer demand and exports will improve going forward which will enable Sutlej to deliver better results on the back of our strong fundamentals and varied product mix"*





# 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

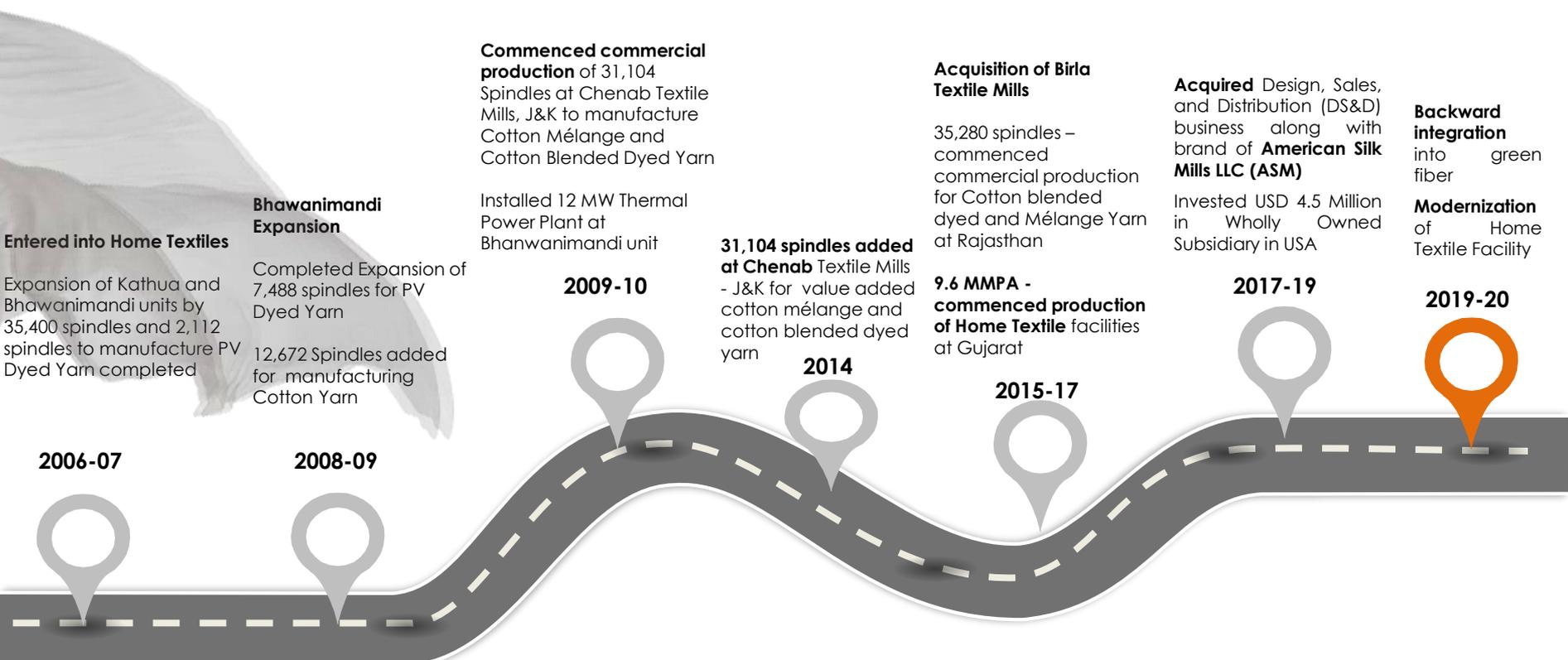
## Well Diversified Capacities

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



# Business Verticals

**sutlej**  
textiles and industries limited

Dyed Yarns

Value Added Yarns

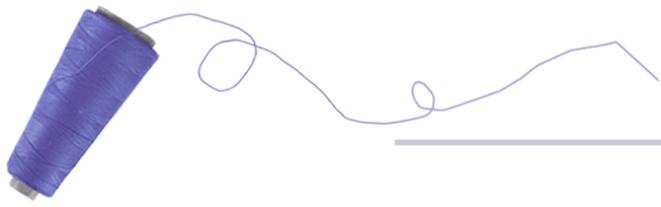
Melange Yarns

Curtains

Upholstery

Home Textiles

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*

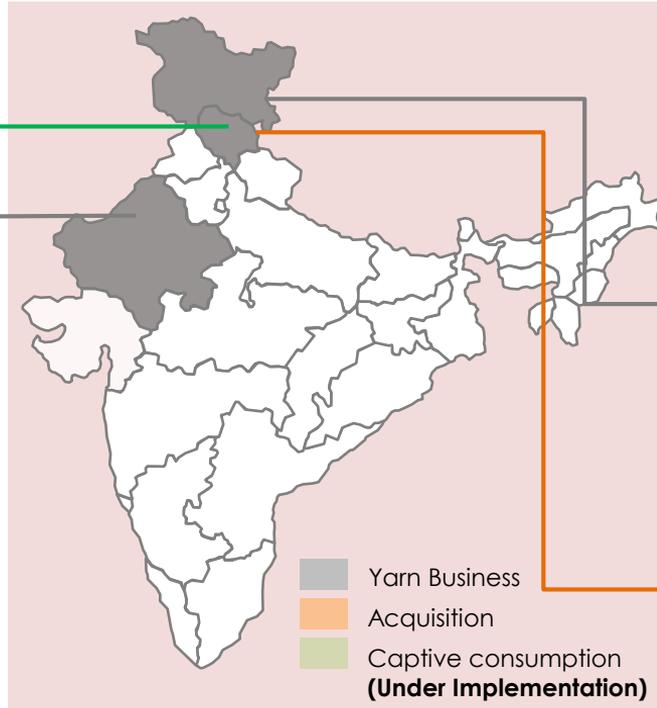
# Yarn Capacities

## 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

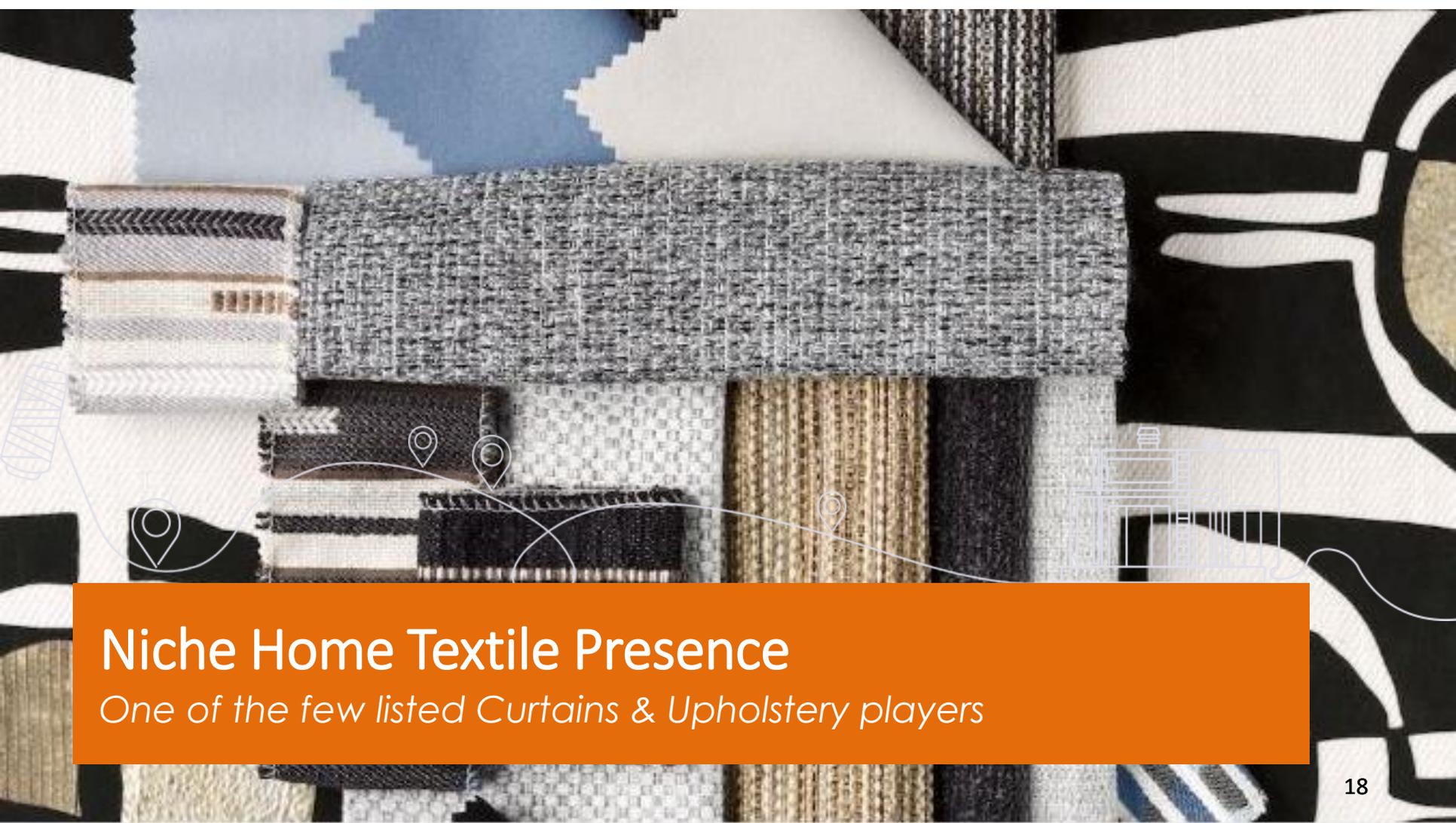
- ✓ Marquee clients like Page Inds (Jockey), Westside, Marks & Spencer, Arvind, JC Penney, Monte Carlo Pantaloons etc,
- ✓ B2B business model with over 60% revenue from organized sector
- ✓ Robust Business Model with low concentration and diversified geographical spread
- ✓ Strong Brand Recall in Yarn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

## Participation in Heimtextile Exhibition 2020

- Participated in Heimtextile Exhibition 2020 organized by Messe' Frankfurt in Jan 2020
- First time, qualified for an entry into Green Directory 2020 with three Green leaves for "Eco-friendly processes, "Eco Friendly Materials" and "Sustainable Social Standards & Transparency"
- Four of Sutlej products were chosen by Messe' Frankfurt Trends team and were presented at Heimtextile Trends 20-21.
- Exhibited more than 400 new qualities and got excellent response from customers.
- Received firm orders and sampling requests from many customers.

## Expanding Product Portfolio

- Introduced sustainable range of products, new qualities made from In-house recycled range of yarn.
- Introduced Inherent Fire Retardant range of products, Ready made curtains.
- Appointed leading advisors for conducting consumer and trade survey to have relevant inputs on current market requirements for entering into cut service retail market segment.

# Strengthening Capabilities in Home Textiles

## Enhance Manufacturing Capabilities

- Modernisation underway to meet market trends.
- Key machines have been installed and undergoing trial runs for processing, yarn dyeing, fancy yarn to broaden product portfolio.
- Already invested around Rs 35 Crs during 9MFY20

## Establish Geographic Presence

- Selling new categories like ready made curtains through Large format stores in the Domestic market.
- Tapping new geographies like Australia & New Zealand, Japan, South East Asia
- Activated new customers in North America, UK, Europe markets.
- Have appointed Sales Consultant in Benelux, Spain, Italy, Greece, South Africa, Russia, South American market.
- Pursuing opportunities with life style chain store & furniture manufacturers in the export market.



## 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. On the left, there's a piece with a complex, multi-colored pattern in shades of brown, gold, and white. Below it is a roll of light-colored, textured silk. In the center, a handwritten note on aged paper is visible, with some text including 'Fail Rec.', '1 set', '2 set', and '3 set'. To the right, there's a piece of white fabric with small, colorful floral motifs. At the bottom, a piece of fabric with a striped pattern in shades of brown and white is visible.

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**Building Organization**

## Initiatives and Way forward for ASM

### ▪ Consumer focused Design & Development

- ✓ Escalated efforts on Advertising, Promotion.
- ✓ Intensified sampling offers to promote new Velvets
- ✓ Introduced New Products in Drapery, Velvet and EnduroSilk

### ▪ Synergy with Sutlej

- ✓ ASM Loft- Collection which is synergy between ASM & Sutlej is well received in the market.

### ▪ Simplify Supply Chain

- ✓ Improvement in percentage of on-time deliveries.
- ✓ Strict adherence to 5S into warehouse operations.

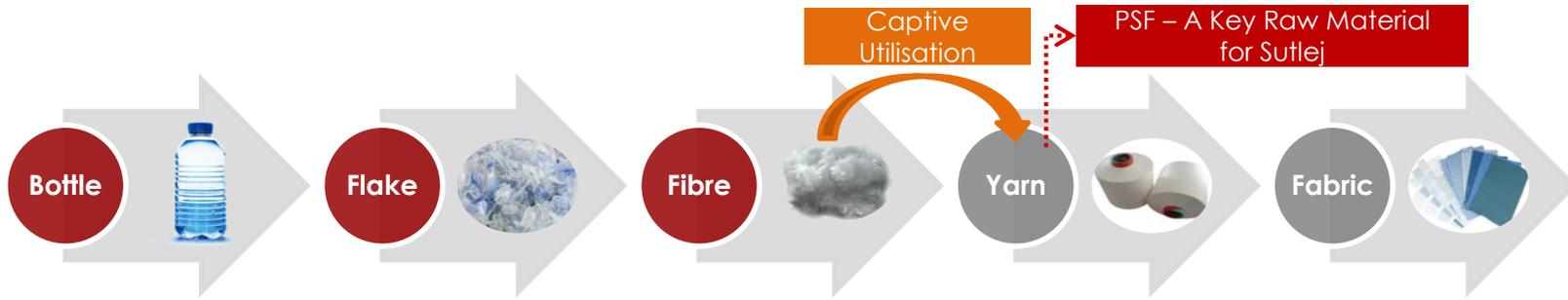




# Improving Operating Efficiencies

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

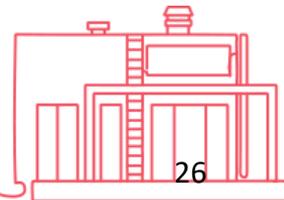
# Backward Integration into Green Fiber



Description	Details
Capacity to produce Raw white and black recycled fibre	120 MT / Day
Location (adjacent to our existing yarn manufacturing unit)	Baddi, Himachal Pradesh
Expected Commercial Production	Q1FY20-21
Spent up to date	~Rs.125 crores
Current Status : Plant and machinery are in advanced stage of erection. Major civil work nearing completion.	

**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

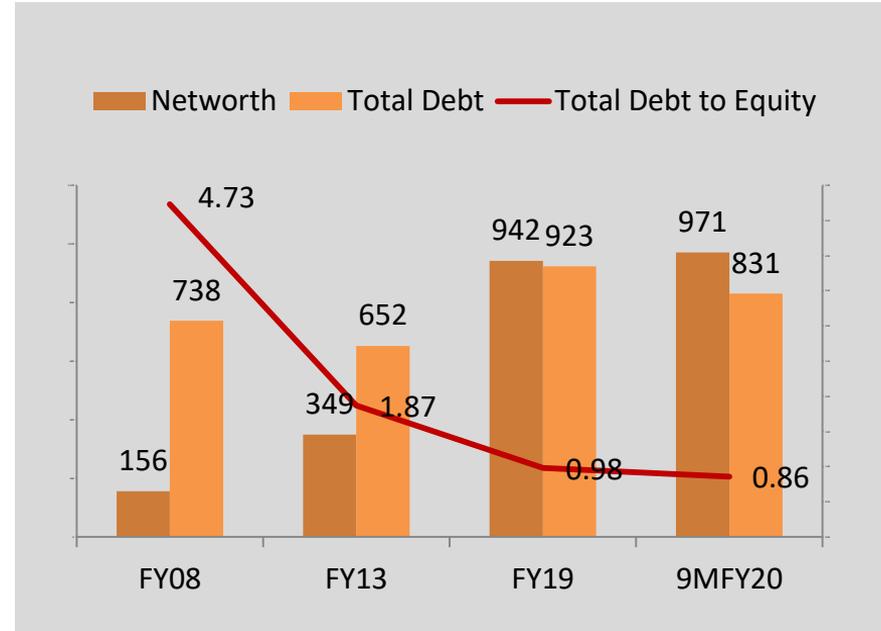
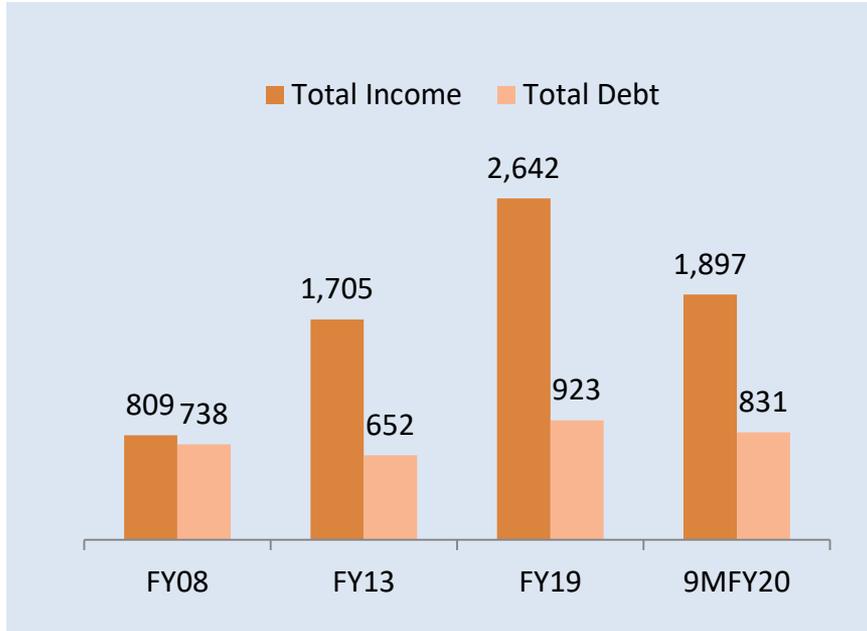


# Sutlej 2.0 – Growth Strategy

*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

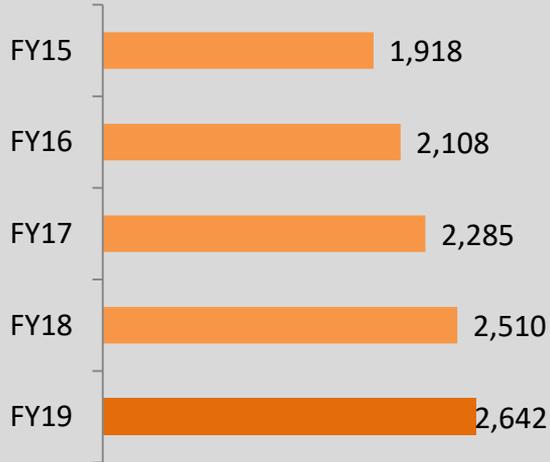




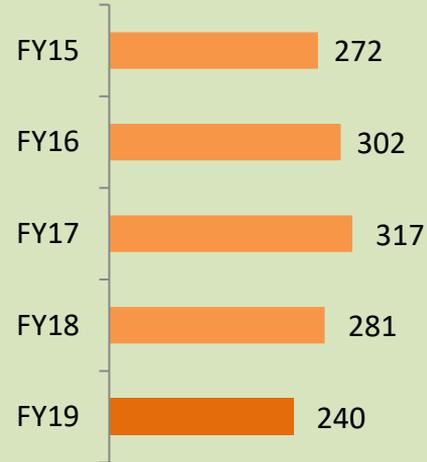
# Annexure - Financials

# 5 year Performance Highlights

## Revenue



## EBITDA



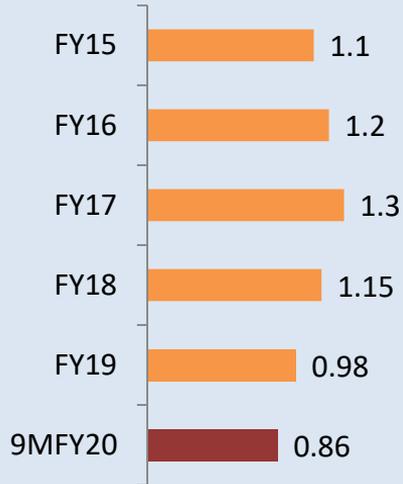
## PAT



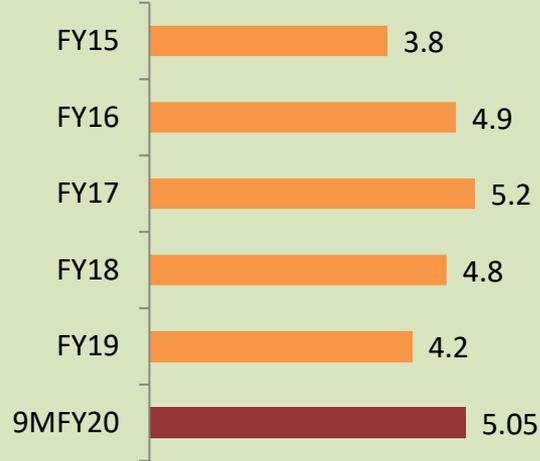
The Company acquired American Silk Mills, LLC on 6th Nov 17 and hence FY 2017-18 is first year of consolidation and FY2018-19 is first full year of Operation.

# Balance sheet Ratios

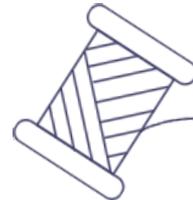
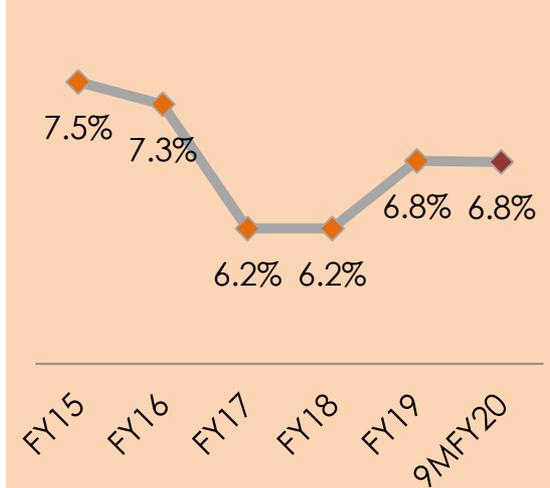
## Comfortable Total Debt/Equity Ratio



## Robust Interest Coverage



## Average Interest Rate of Term Loans (After TUF)



# Appreciation and Awards

## Synthetic & Rayon Textiles Export Promotion Council (SRTEPC)

✓ Gold Trophy for highest export of Synthetic Spun Dyed Yarn in FY18-19

## Cotton Textiles Export Promotion Council (TEXPROCIL)

✓ Gold Trophy - Highest Exports of Cotton Processed Yarn in FY18-19

✓ Gold Trophy - Special Initiative & exports of sustainable cotton yarns

## Rajasthan Renewable Energy Corporation Limited (RRECL)

✓ Rajasthan Energy Conservation Award – 2019, First Prize



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

**THANK YOU!**

**Let's Connect**



**Mr. Bipeen Valame**

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