




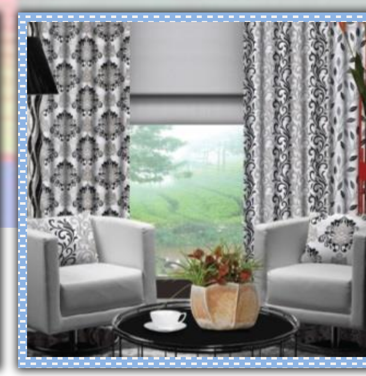

SUTLEJ TEXTILES AND INDUSTRIES LTD

Q2 & H1 FY15 Results Presentation – 5th November, 2014

Disclaimer

Certain statements in this document may be forward-looking statements which are based on some assumptions and expectations of future events. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, domestic or international economic developments, and many other factors that could cause the 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, amend, modify or revise these forward-looking statements to reflect subsequent events or developments.

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sutlej textiles and industries limited

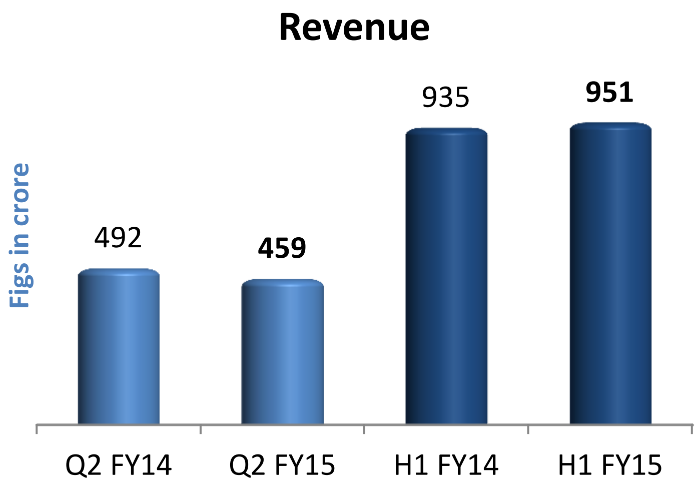
Q2 & H1 FY15 –
Performance Update

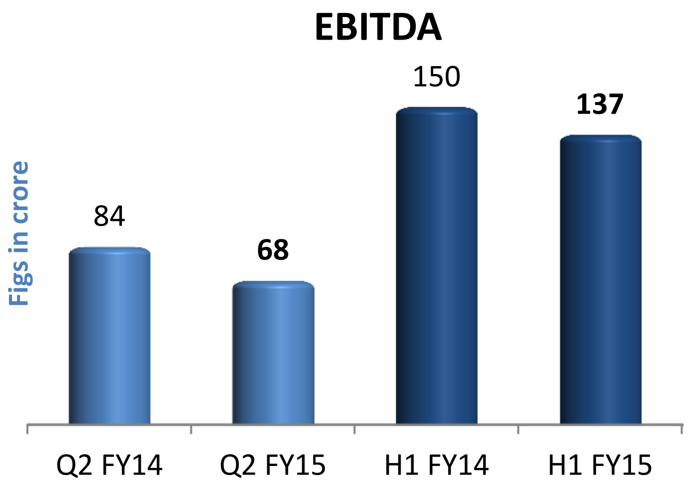
Profit & Loss Abstract

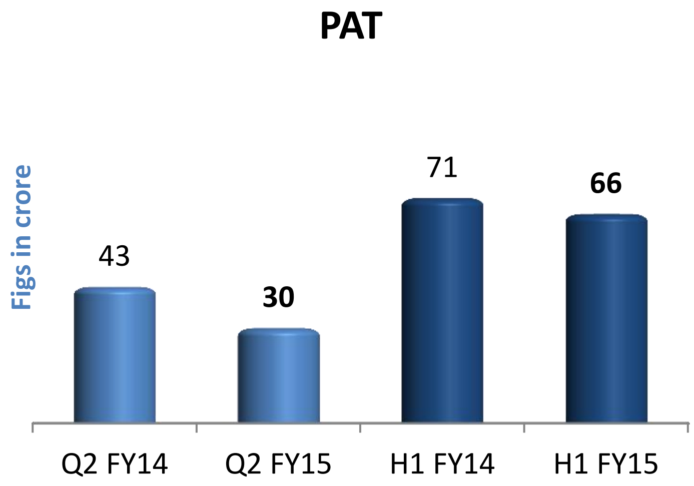
(Rs. in crore)

Particulars	Q2 FY15	Q2 FY14	Shift (%)	H1 FY15	H1 FY14	Shift (%)
Net Revenues	459	492	(6.7)	951	935	1.7
Total Expenditure	391	408	(4.2)	814	785	3.7
EBITDA	68	84	(18.8)	137	150	(8.5)
EBIDTA Margin (%)	*14.8*	*17.0*	*-220 bps*	*14.4%*	*16.0%*	*-160 bps*
Depreciation	16	17	(4.5)	31	34	(8.1)
EBIT	52	67	(22.4)	106	116	(8.6)
Interest	12	15	(19.0)	25	30	(15.8)
PBT (after exceptional item)	40	52	(23.4)	80	85	(6.0)
Tax	9	9	0.3	14	15	(3.8)
PAT	30	43	(28.5)	66	71	(6.5)
EPS (Diluted) (Rs.)	18.6	26.0	(28.5)	40.4	43.2	(6.5)

Financial Performance – Q2 & H1FY15





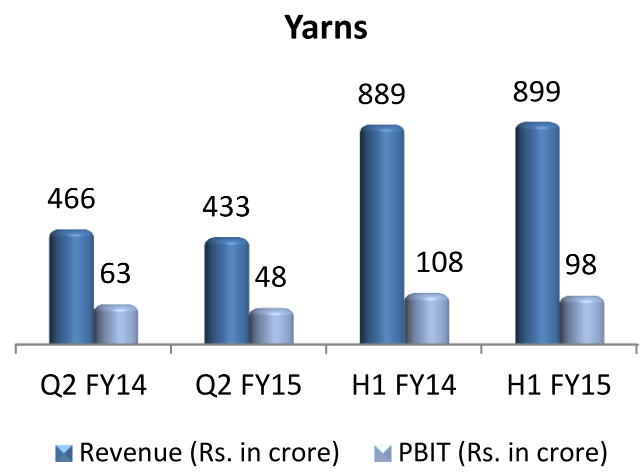


- Topline performance during the quarter moderated due to sluggish demand primarily on account of falling raw material prices.
- Margins remained under pressure which affected operating profit in Q2 FY15.

Segment-wise Performance – Q2 & H1 FY15

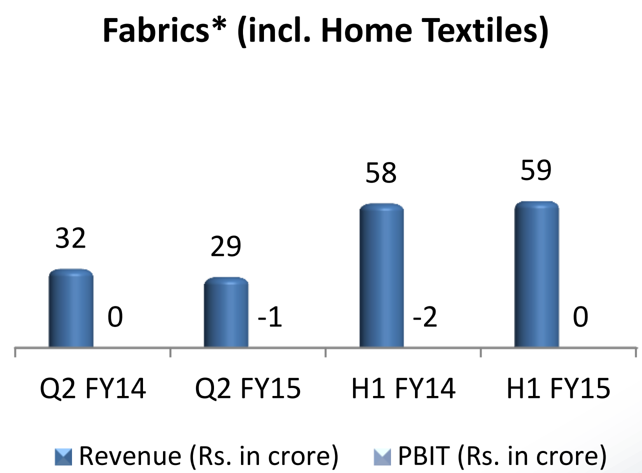
Yarns

- Q2 FY15 PBIT stood at Rs. 48 crore as against Rs. 63 crore in Q2 FY14 and Rs. 98 crore in H1 FY15 as against Rs. 108 crore in H1FY14
- During H1 FY15, the Company produced 37,009 MT as against 33,494 MT during corresponding period last year. Realizations for the quarter and first half remained stable



Fabrics (incl. Home Textiles)

- In H1 FY15, Revenues stood at Rs. 59 crore as against Rs. 58 crore in H1 FY14
- Margin improvement in home textile business segment on the back of better cost management strategies



*Fabric Division closed w.e.f 1st October 2014

Chairman's Comments

Commenting on the results, Mr. C.S. Nopany, Chairman, Sutlej Textiles and Industries Ltd said, *"Our strategy of focusing on niche value added products has helped us reduce the impact of the challenges faced by the sector during the quarter.*

Going ahead, the commissioning of additional value added cotton mélange yarn spindles coupled with ongoing expansion project to scale up the production of Home Textiles and our efforts to further improve the product-mix should help the Company deliver sustainable performance in the long term."

Key Highlights – Q2 FY15

Update on Capacity Expansion and Modernization Programme

- Company has started commercial production of its expansion project of 31,104 spindles to manufacture Value Added Cotton Mélange and Cotton Blended Dyed Yarn at its unit - Chenab Textile Mills, Kathua (J & K) w.e.f. 1st November 2014
- The Company's total yarn spinning capacity stands at 292,840 spindles, of which 96,720 spindles are utilized to manufacture Cotton Mélange and Cotton Blended Dyed Yarn
- The addition of the new capacity will enable the Company to further strengthen its position as a leading player in the niche Cotton Mélange and Cotton Blended Dyed Yarn segment
- In addition, the Company has invested ~Rs. 25 crore as on September 30, 2014 out of Rs. 80 crore earmarked for FY 2015 towards technology up-gradation and debottlenecking, etc. which shall lead to increase in efficiency and cost reduction

Expansion of 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 capacities in its existing facility will increase to 9.6 million metres p.a from 2.5 million metres p.a. at present
- The project costing Rs. 88.50 crore is expected to be completed in FY 2016
- Increased presence in Home Textile segment will result in further strengthening of Company's end to end operations – Yarn to Home Textile

Key Highlights – Q2 FY15

Closure of Fabric Division

- Shutting down operations of its Fabric division situated at Daheli, Bhilad, Gujarat in view of its unviable operations in line with Company's strategy of focusing on profitable business ventures. The closure of Fabrics division will not have any material impact on the future earnings of the Company

Commercial Paper

- The Company issued Commercial Paper (CP) worth Rs. 60 crore in two tranches
  - First Tranche – Rs. 25 crore; Second Tranche – Rs. 35 crore
- The CP carried a rating of CARE A1+ by Credit Analysis & Research Limited (CARE)
- Instruments with the aforesaid rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk
- The issuance of CP will be utilized to substitute Working Capital requirement by earmarking the drawing power of the Company, thereby enabling the Company to save on interest cost

Award for Export Performance

- The Company has been selected for **"Niryat Shree – Bronze Trophy"** award to be presented by The Hon'ble President of India on December 01, 2014 at Vigyan Bhawan, New Delhi

Company Overview

At a Glance

#1
Spun Dyed Yarn Manufacturer

292,840*
Total Capacity (Spindles)

96,720*
For Cotton Mélange Yarn (Spindles)

92
Total Capacity (Looms)

336
Total Capacity (Rotors)

CARE A+ / IND A+
Credit Rating (CARE / India Ratings, A Fitch Group Co.)

13% CAGR
Last 4 years Revenue Growth

19% CAGR
Last 4 Years EBITDA Growth

49% CAGR
Last 4 Years PAT Growth

49% CAGR
Last 4 Years EPS Growth

* Includes 31,104 spindles installed during the period under review to manufacture value-added Cotton Mélange yarn

"Delivering robust growth on a sustainable basis"

Company Overview

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

Marquee Clients

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, & Home textile

Manufacturing Snapshot

- Manufacturing units (4) – Jammu & Kashmir, Rajasthan & Gujarat
- Total Capacity: Spindles – 292,840; Rotors – 336; Shuttle less looms – 60; Home Textile looms – 32;
- Employs over 12,500 people

Domestic and Global Presence

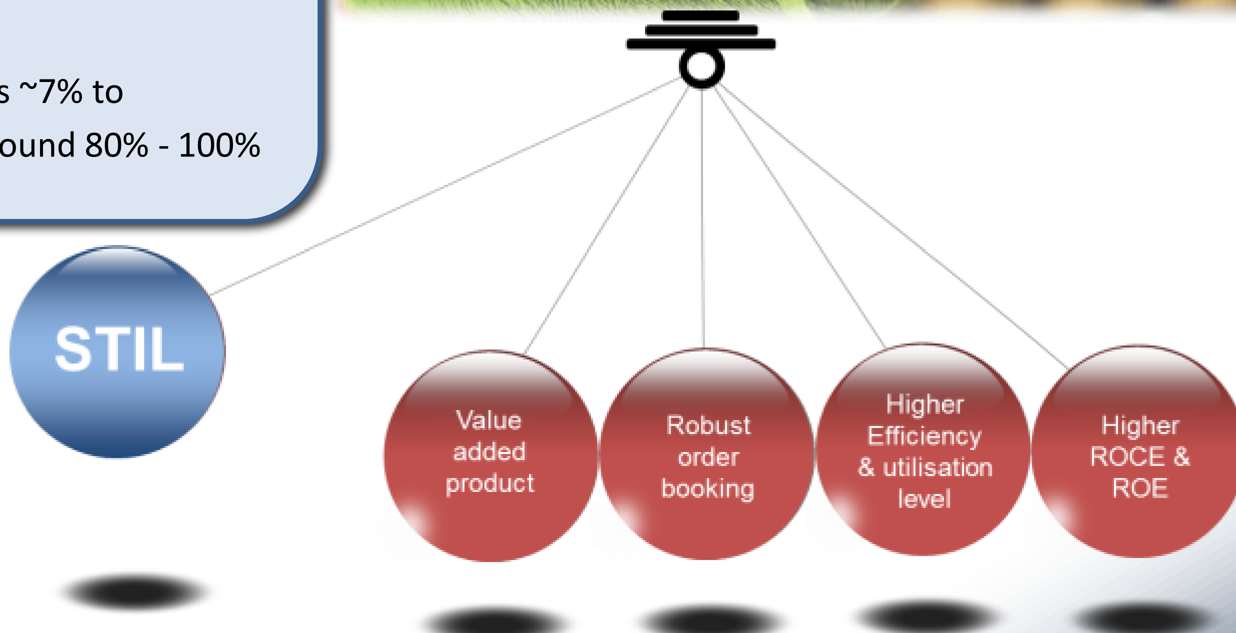
- Marquee clients in domestic markets
- Global footprint with presence across 60 countries across
  - Europe,
  - North America,
  - South East Asia

Competitive Edge Over Most Other Spinning Mills

1. One stop shop for all types of spun dyed yarns – 100% or blends in Synthetic or natural / Count range: from 6 s to 60 s / Colour: grey, mélange or Dyed in all shade / Fold: simple, Double or multifold

2. Largest manufacturer of Value Added Dyed Synthetic and Cotton Mélange Yarn in India – sustained growth strategy wherein Company has added 136,840 spindles in last 10 years. Further expanding capacity in Cotton Mélange yarn by 31,104 spindles

3. Grey Cotton yarn contributes ~7% to Revenues as compared to around 80% - 100% of other spinning mills

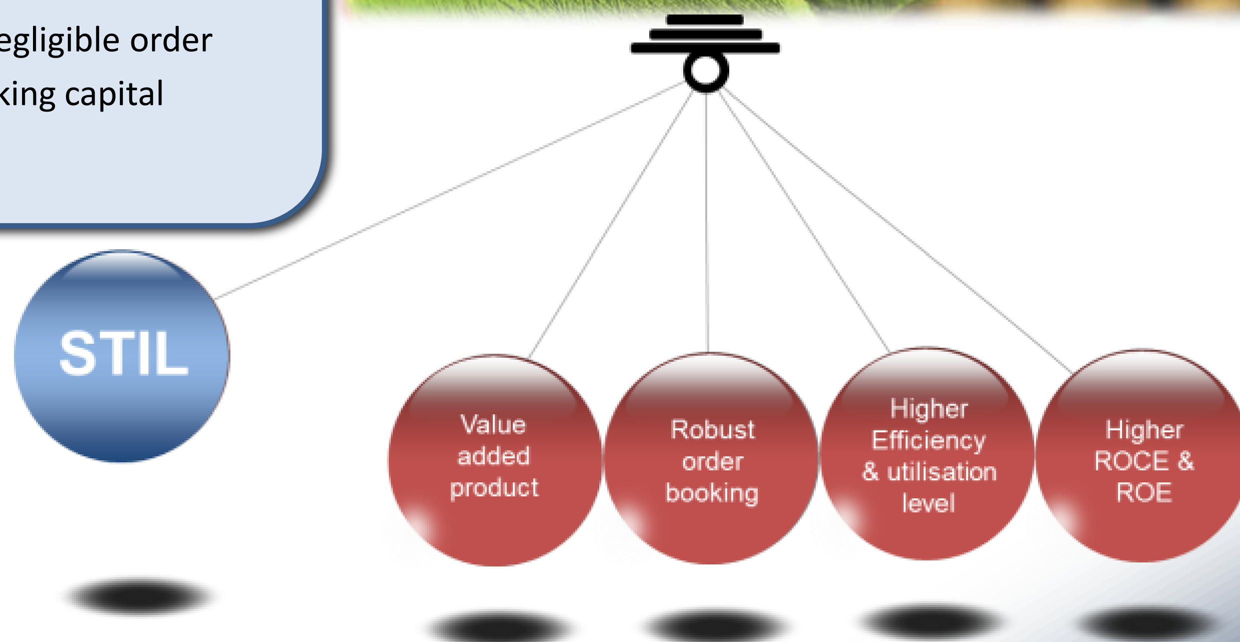


Competitive Edge Over Most Other Spinning Mills

4. Optimum & efficient capacity utilization owing to the most modern Plant and Machinery – 69% of Company’s spindle age are less than a decade old

5. In house R&D team backed with state of the art technology

6. Robust order booking procedure – production based on specific client requirements and advance orders leading to negligible order cancellation and better working capital management

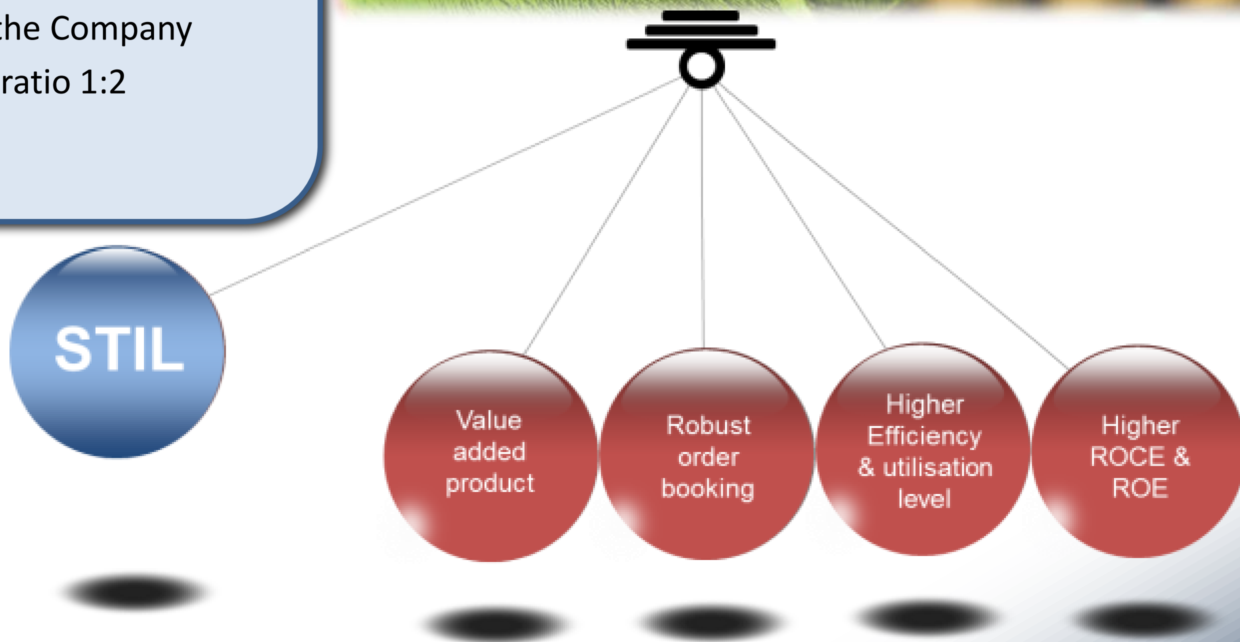


Competitive Edge Over Most Other Spinning Mills

7. Delivering consistent & robust returns – reported one of the best Return Ratios in the industry. ROCE and ROE in FY2014 stood at 28% each

8. Consistent track record of paying dividend since incorporation

9. In line with Company's philosophy of rewarding its shareholders, the Company allotted bonus shares in the ratio 1:2 (June2013)



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

Best-in-industry utilization levels – Continuous modernization with ~69% of spindles less than 10 years old; latest and highly automated system in place

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

Access to captive and continuous power supply – low process losses & downtime

Strong R&D

In-house success – Strong in-house R&D capabilities facilitates higher efficiency & performance

State of the art technology - The Company development and design centers are well equipped with latest technological equipment's like Evenness Testers, HVI Spectrum, Tenso Jet-4, AFISPRO LMNT, Yarn Classimate,

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

Focus on Niche & Value added Products

Key Growth Drivers

Capacity Post Expansion Plan

Capacity (Pre)

Location	Type of Yarn	No. of Spindles
Kathua (J&K)	Cotton Mélange	65,000
	Man-made Fibre	107,000
Bhawani Mandi (Rajasthan)	Cotton and Man-made Fibre	90,000
	TOTAL	**~262,000**

+ Addition — Cotton Mélange — **~31,000**

Capacity (Post)

Location	Type of Yarn	No. of Spindles
Kathua (J&K)	Cotton Mélange	~96,000
	Man-made Fibre	107,000
Bhawani Mandi (Rajasthan)	Cotton and Man-made Fibre	90,000
	TOTAL	**~293,000**

Track Record –
Financial & Operational

Key Financial Highlights

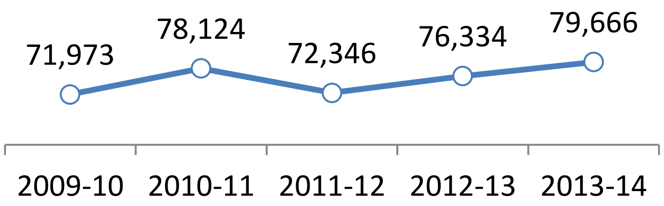
	INR Million			USD Million		
Particulars	**FY12**	**FY13**	**FY14**	**FY12**	**FY13**	**FY14**
Revenues	15,370	16,802	18,806	320	317	330
EBITDA	1,783	2,343	3,056	37	44	54
Margin %	**12%**	**14%**	**16%**	**12%**	**14%**	**16%**
PBT	396	928	1,717	8	18	30
Margin %	**3%**	**6%**	**9%**	**3%**	**6%**	**9%**
PAT	317	770	1,314	7	15	23
Margin %	**2%**	**5%**	**7%**	**2%**	**5%**	**7%**
Total Assets	11,448	11,492	12,729	***238***	***217***	***223***
Net Worth	2,759	3,464	4,625	***57***	***65***	***81***
Long Term Debt	4,115	3,377	2,667	***86***	***64***	***47***
Total Debt	7,242	6,517	6,303	***151***	***123***	***111***
EV as at year end	8,920	8,680	9,830	***186***	***164***	***172***
ROCE	18%	23%	28%	***18%***	***23%***	***28%***
ROE	12%	22%	28%	***12%***	***22%***	***28%***
Debt – Equity	1.5	1.0	0.6	***1.5***	***1.0***	***0.6***
EV/EBITDA	5.0	3.7	3.2	***5.0***	***3.7***	***3.2***
EPS* - Basic & Diluted	19	47	80	***0.4***	***0.9***	***1.4***

- *Adjusted figs post incorporating bonus effect (During June 2013, STIL allotted bonus shares in the ratio 1:2)
- USD calculations based on Avg rate: FY12: Rs.48 /USD; FY13: Rs. 53/ USD; FY14: Rs. 57/USD

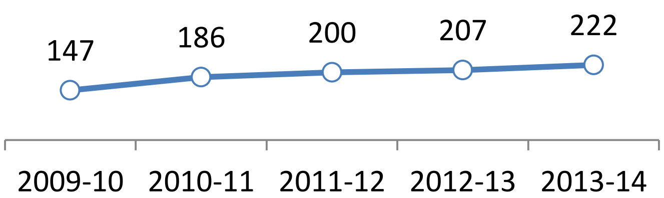
Operational Performance

Yarns*

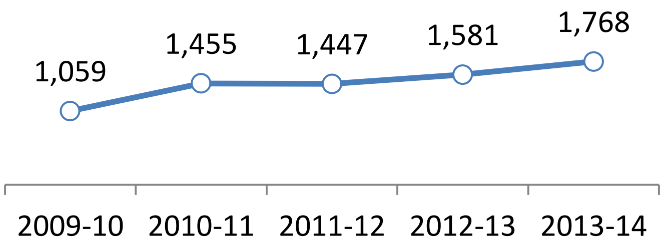
Sales (MT)



Avg. Yarn realisation (Rs/Kg)



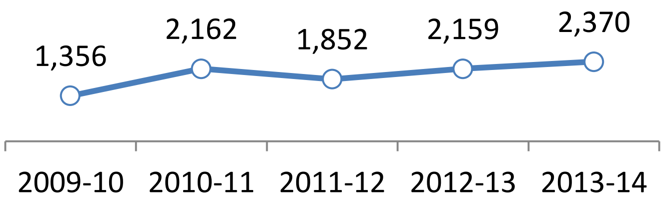
Sales (Rs. crore)



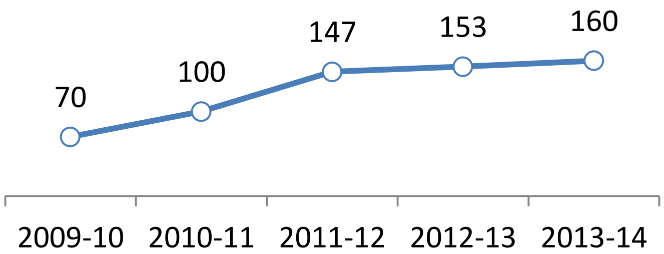
*Excluding sale of waste yarn

Home Textiles **

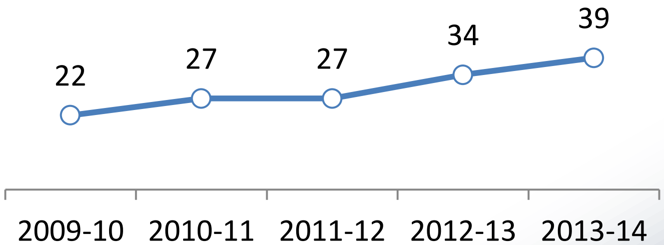
Sales ('000 Mtrs.)



Avg. Fabric realisation (Rs/Mtr)



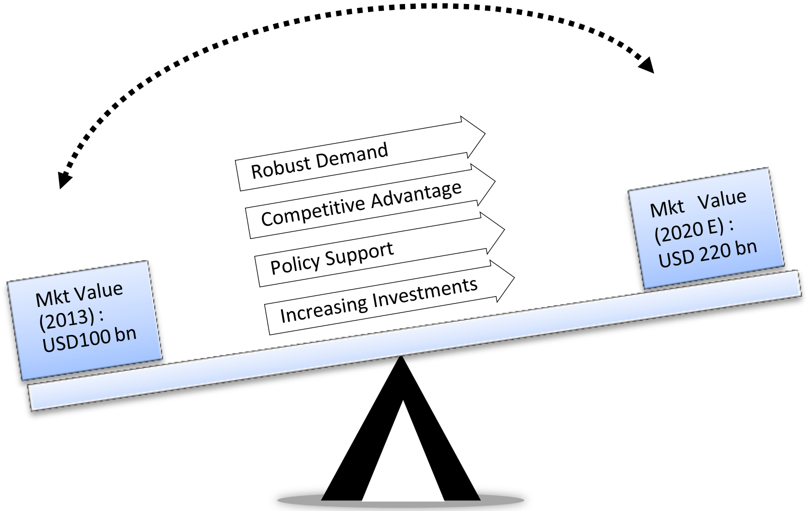
Sales (Rs. crore)



** Excluding Job Processing

Business outlook

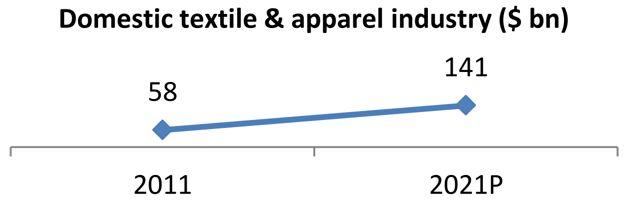
Outlook – Sector



Pillar of Growth

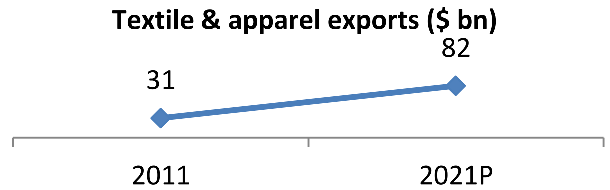
On a global front, the Indian Textile Industry is the second largest producer of textiles and plays a pivotal role in the growth of the Indian economy. As it accounts for -

- ~4.5% share in the world total exports
- ~4% of GDP
- ~11% of Country's export earnings
- ~14% of Industrial Production



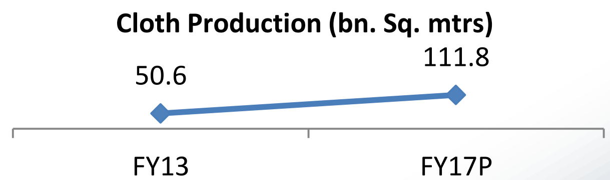
Manifold Growth

The sector is expected to witness significant growth resulting in expanding from present size - $100bn in 2013 to $220bn by 2020



Export Markets

- Surging exports revenue: Expanded from $21.1 bn in 2008-09 to $40 bn in 2013-14; CAGR of 14%
- The Ministry of Textile has fixed an export target of USD 45 billion for the year 2014-15
- Growth Roadmap: The Govt. of India in its new proposed National Textiles Policy (Draft) targets the exports to reach $300bn by 2024-25



Source: *Ministry of Textiles, Planning Commission, Technopak, Aranca Research*

Business Outlook

Niche Value Added Products & Capacity addition	Augmenting capacities in niche value added products to further strengthen its position as a leading player in the Cotton Mélange and Cotton Blended Dyed Yarn segment
Strengthening Core Business	Accentuating operations at existing locations to sharpen its focus on core business segment coupled with scaling up operation in home textile business will result in improved product mix, thereby enabling the Company to deliver sustainable performance in the long term
Value Generators	Greater contribution of value added item in overall product basket coupled with lowering of leverage to drive margins and profitability both in yarn and in Home textile segment
Growth Drivers	**Domestic Drivers** - Changing lifestyle, growing population, rising disposable income and greater demand for quality products **Overseas Drivers** - Recovery in developed economies; rising labor cost & political instability in neighboring countries

About Us

Sutlej Textiles and Industries Ltd (STIL):

CIN: L17124RJ2005PLC020927

Sutlej Textiles and Industries Ltd (STIL) (part of S&P BSE SMALL CAP Index) was incorporated in 2005 out of a corporate restructuring exercise wherein the textile divisions of Sutlej Industries Ltd and Damanganga Processors Ltd were demerged to create a single cohesive Company. STIL an ISO 9001:2008 certified is India's largest Dyed Yarn manufacturer and a leading player in value added yarn segment. The Company is focused on value added yarns namely – Dyed Yarn, Cotton Mélange yarn, Modal yarn, Tencil yarn, Bamboo yarn, Linen Blended Yarn, etc., and has a presence across the value chain.

STIL has also been recipient of numerous prestigious awards recent one are ***Niryat Shree – Bronze trophy*** *award for its Export performance;* ***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.*

STIL, by virtue of its presence across globe exports to 60 countries and have presence across 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.

For further information, please contact:

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THANK YOU