



**sutlej**  
textiles and industries limited

**Results Presentation**  
**Q3 FY16**



*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.*

**1** Q3 & 9M FY16 – Key Business Update

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## **Q3 & 9M FY16 – Key Business Update**

## Enhanced Spinning Capacity through Acquisition of Birla Textile Mills

- ❖ Acquisition of Birla Textile Mills (BTM) has been concluded on September 30, 2015 on receiving statutory approvals and payment of Rs. 213.54 crore i.e. Rs. 232.63 crore less term loans of Rs. 19.09 crore from banks outstanding as on appointed date of April 01,2015
- ❖ BTM, with a capacity of 83,376 spindles manufactures cotton, synthetic & blended yarn in Grey & Dyed form
- ❖ STIL's total spinning capacity has enhanced to 3,77,112 spindles post-acquisition

## Brown field project - Capacity Expansion of Value Added Products at Rajasthan

- ❖ Commenced work on the project – adding 35,280 spindles at its Bhawanimandi, Rajasthan facility at a project cost of Rs. 270 crore
- ❖ Progress of expansion project as per schedule; Civil work is ongoing and orders for most of key plant & machinery have been placed
- ❖ Project to be funded by mix of internal accruals and debt; Financial closure achieved
- ❖ Dedicated capacity focused towards producing Value Added Cotton Mélange and Cotton Blended Dyed Yarn

## Home Textiles Division Expansion on track

- ❖ Placed order for 20 Nos. single width looms and 20 Nos. Jacquard attachment; also placed orders for 4 No. Electronic Chenille machines, 1 No. Multi chamber stenter forming part of the expansion project – deliveries expected in May-June 2016
- ❖ Project is to be completed in phases; with first phase of 16 looms installed and commissioned in July 2015
- ❖ Post completion, capacity in its existing facility will increase to 9.6 million metres p.a.; total project cost of Rs. 88.5 crore
- ❖ Increased presence in Home Textile segment will result in further strengthening of Company's end to end operations – Yarn to Home Textile

## Modernisation Update

- ❖ Invested around Rs. 60 crore during 9MFY16, towards technology up-gradation and debottlenecking, etc.
- ❖ This will result in further improvement of efficiencies and plant utilization
- ❖ Intends to deploy further amount of ~Rs. 66 crore during the year towards the same

## Credit Rating upgrades during the Year

- ❖ CARE upgrades STIL rating to **CARE AA-** from CARE A+ signifying high degree of safety and CARE A1+ (A One Plus) for short term bank facilities
- ❖ India Ratings and Research Private Limited (FITCH Group) upgrades STIL to “**IND AA-**”; **Outlook Stable** from IND A+ and IND A1+ (A one Plus) for short term bank facilities

## Felicitated with Awards for Export Performance

- ❖ STIL is felicitated with the prestigious “**Synthetic and Rayon Textiles Export Promotion Council’s (SRTEPC)**” Gold Trophy for Best Export Performance for Exports of Fabrics to “Focus SAARC” countries for the year 2014-15 and Silver Trophy for the Second Best Export Performance of Spun Yarn for the year 2014-15 by Shri Santosh Kumar Gangwar, Hon’ble Minister of State for Textiles (Independent Charge) on January 23, 2016 in Mumbai



## Q3 & 9M FY16 - Financial highlights



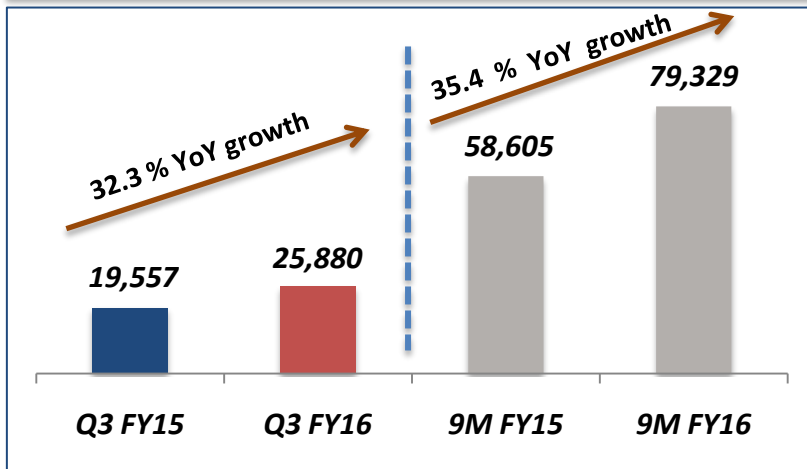
# Delivering Consistent Profitability

Rs. In Cr	Q3 FY16 *	Q3 FY15	YoY %	9M FY16*	9M FY15	YoY %
<b>Total income</b>	<b>559</b>	<b>468</b>	<b>19.3%</b>	<b>1,744</b>	<b>1,440</b>	<b>21.1%</b>
Raw Material including increase/ decrease in stocks & goods purchased	320	274		1,017	863	
Employee Cost	60	44		175	129	
Other Expenses	103	83		318	244	
<b>EBITDA</b>	<b>76</b>	<b>67</b>	<b>13.7%</b>	<b>234</b>	<b>204</b>	<b>14.7%</b>
<b>EBITDA margin (%)</b>	<b>13.6%</b>	<b>14.2%</b>		<b>13.4%</b>	<b>14.2%</b>	
Depreciation	22	18		65	49	
Finance Cost	13	14		40	39	
<b>Profit Before Tax</b>	<b>41</b>	<b>35</b>		<b>129</b>	<b>115</b>	
Tax	15	13		34	27	
<b>Profit After Tax</b>	<b>26</b>	<b>22</b>	<b>21.0%</b>	<b>95</b>	<b>88</b>	<b>7.4%</b>
<b>Earnings Per Share (Rs)</b>	<b>16.11</b>	<b>13.32</b>		<b>57.71</b>	<b>53.74</b>	

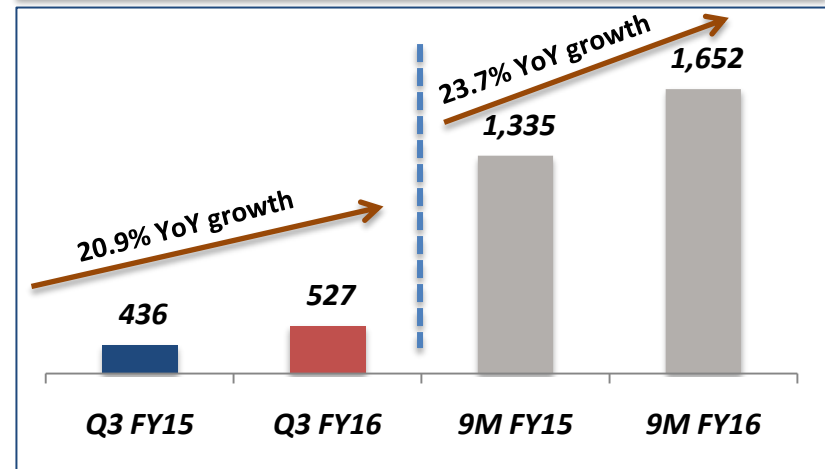
\* Note: The financial results for Q3 FY16 and 9M FY16 are inclusive of financial results of recently acquired unit Birla Textile Mills

# Registering strong growth in Yarn Business

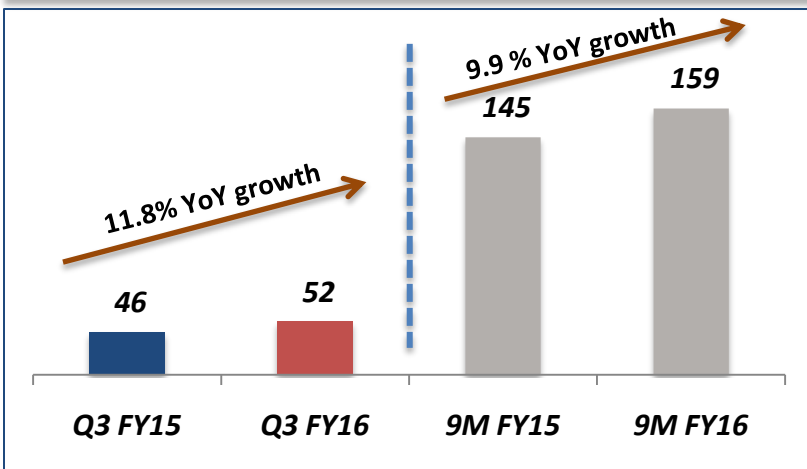
## Sales (MT)



## Revenue (Rs. Cr.)



## EBIT (Rs. Cr.)



❖ Revenue at Rs. 527 crore for Q3FY16 improved as against Rs. 436 crore for the corresponding quarter last year; and Rs. 1,652 crore for 9MFY16 improved as against Rs. 1,335 crore for the corresponding period last year mainly on account of

- Creation of additional capacity for producing value added Cotton Mélange and Cotton Blended Dyed Yarn and
- Acquisition of Birla Textile Mills

**This has enabled Company to sustain profitability**

## Mr. C. S. Nopany, Chairman



*The global economic environment has been challenging with falling commodity prices and slowdown in world economy. Furthermore, a sluggish domestic rural economy has further aggravated the situation resulting in poor overall demand. Despite these challenging times, I am pleased that Sutlej has been able to sustain its profitability by focusing on operational efficiency and capacity enhancement.*

*Our growth plan remains unaltered as the expansions in our Spinning capacity for producing value added Cotton Mélange, Cotton Blended Dyed Yarns and of Home Textiles capacity are progressing as per schedule. We are hopeful that this will help us to deliver sustained performance.*



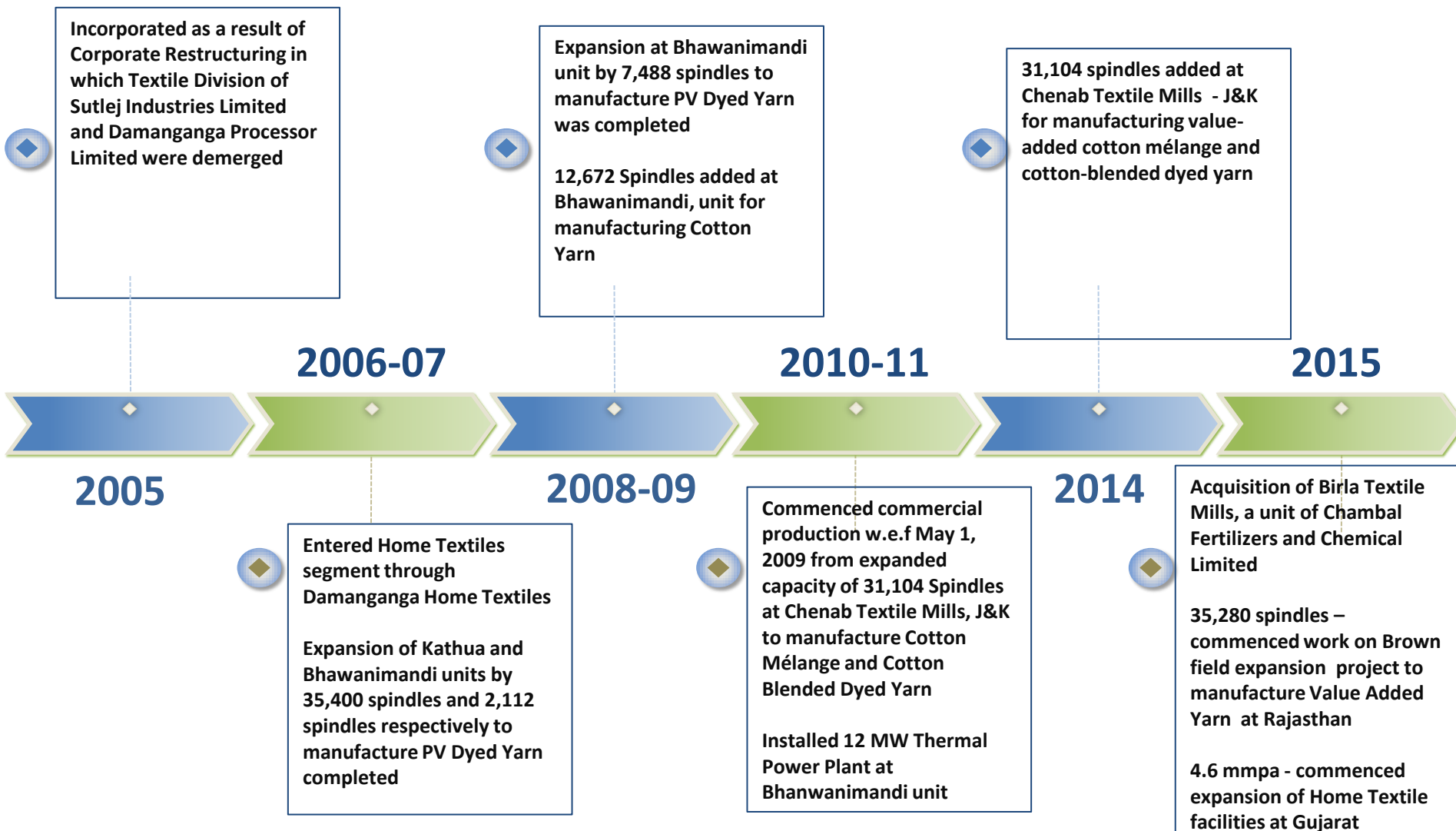
## Corporate overview

# Company Overview

- ❖ **India's largest Spun-dyed Yarn manufacturer and leading textile player with presence across value chain – from Yarn to Home Textile**
  - Increasing capacity of high margin Value-Added Products - Cotton Mélange Yarn & Cotton Blended Dyed Yarn
- ❖ **State-of-the-art manufacturing facilities located at Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat**
  - 377,112 spindles capacity of Yarn
  - 6 Million Meters Per Annum capacity of Home Textiles
- ❖ **Global footprint with presence spans over 60 countries across Europe, North America, South-East Asia**
- ❖ **Longstanding relationship with marquee clients like Page Industries, Siyaram's, Donear, Shivalik Print, Arrow, Grasim**
- ❖ **A publicly-held company with its shares traded on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).**
- ❖ **Strong Credit Ratings:**
  - CARE AA- from CARE and IND AA- with Outlook Stable from India Rating, A Fitch Group Company for long term bank facilities
  - CARE A1+ from CARE and IND A1+ from India Ratings, A Fitch Group Company for short term bank facilities



# Journey from Spun-dyed yarn manufacturer to ...



... strengthen end to end operations – Yarns to Home Textile

## 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
Dr. Mahmoodur Rahman	Independent Non Exec Director
Mr. Dilip Ghorawat	Whole Time Director & Chief Financial Officer



## Key Executives

Mr. S.K. Khandelia	President & CEO
Mr. D.R. Prabhu	Company Secretary



## Competitive Advantages



**Yarn – Consistent capacity addition over years**

**Home Textile... doubling capacity by FY17**

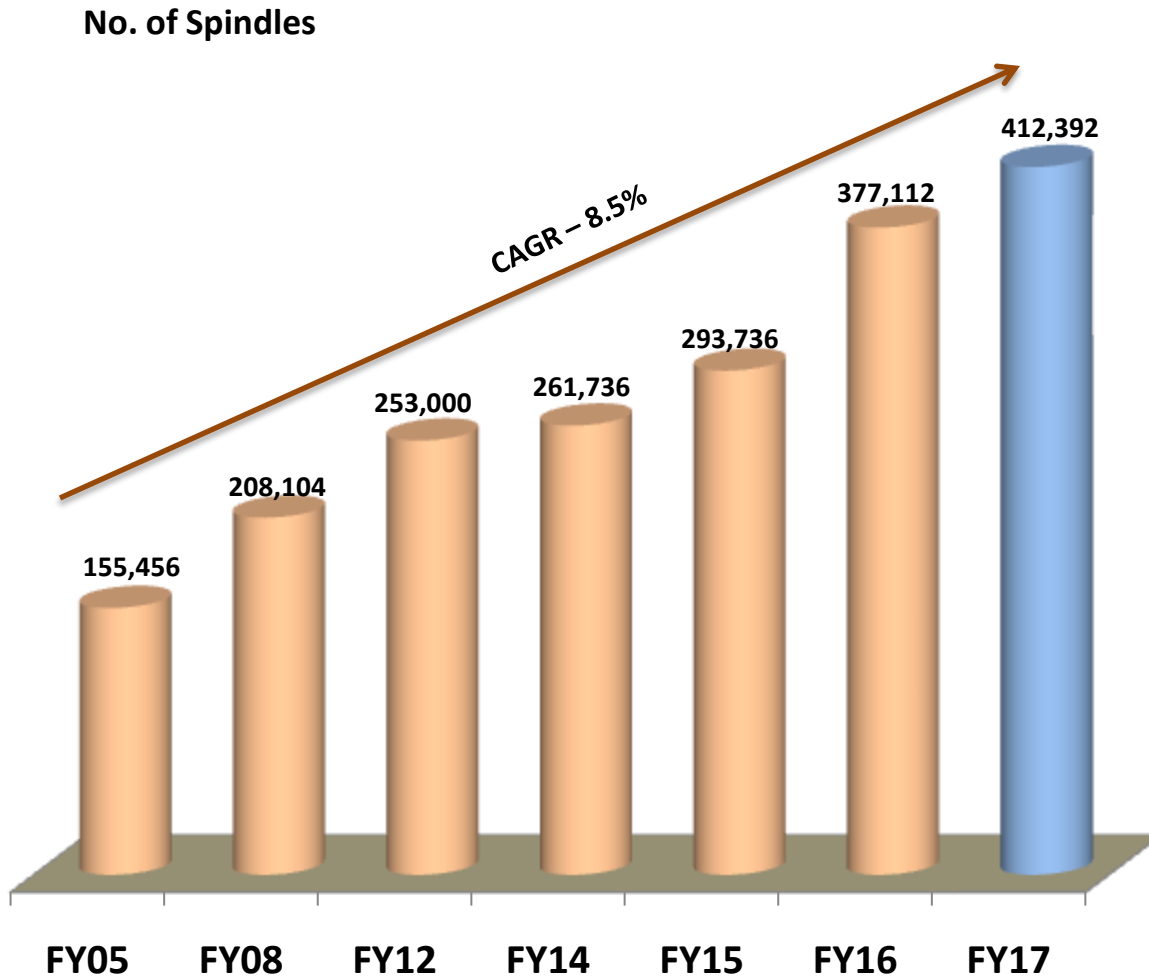
**State of the art manufacturing facilities**

**Wide Distribution Network and Marquee Clientele**

**Diverse and Wide Product Portfolio**



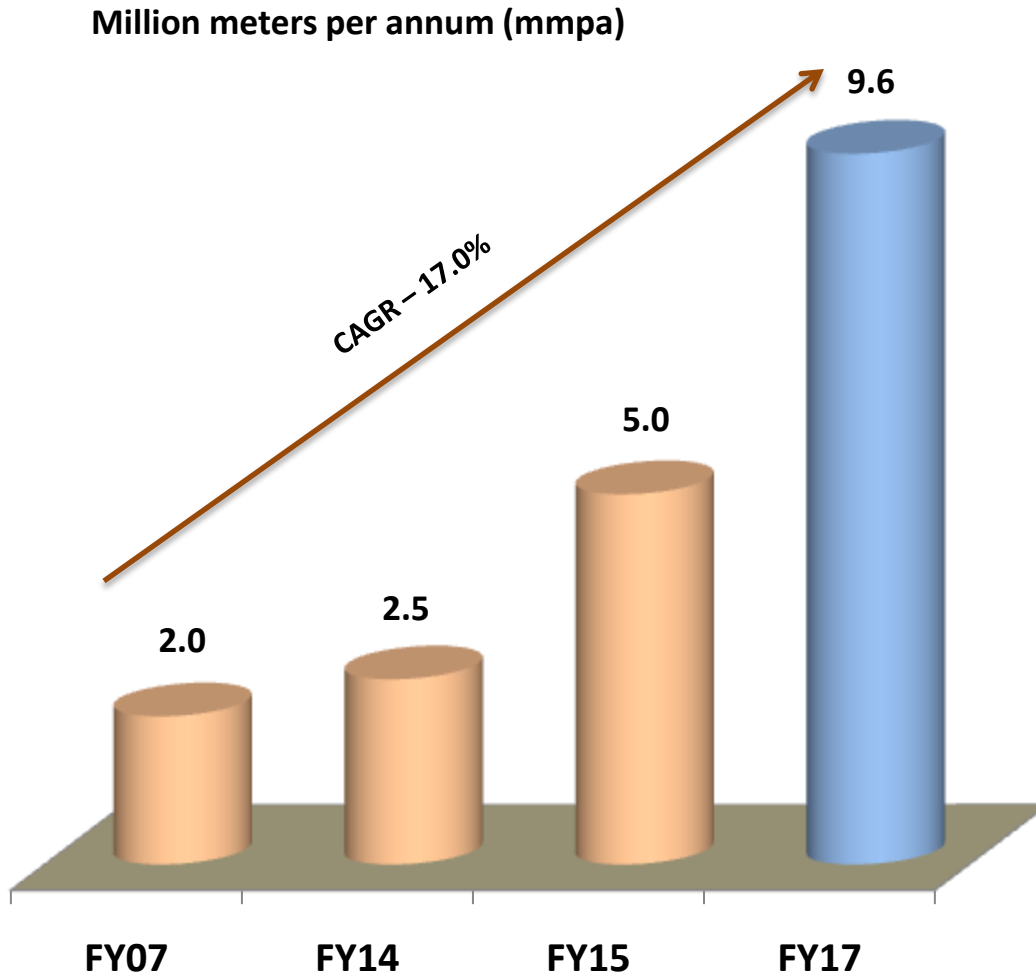
# Yarn - Consistent capacity addition over the years



- ❖ Invested in modernization  
- 56% of spindle age are less than a decade old
- ❖ Increasing share of Value-added product portfolio
  - Cotton Mélange Yarn
  - Dyed Synthetic Yarn
- ❖ Larger Scale of Production leading to optimum utilization of resources

... through multiple capacity expansions as well as profitable acquisitions

# Home Textile... Doubling capacity by FY17



- ❖ Entered the Home Textiles segment in 2006-07
- ❖ Capacity to expand by 4.6 mmpa to 9.6 mmpa by FY17
- ❖ Product range includes
  - Furnishing Fabrics
  - Curtain Fabrics
  - Upholstery Fabrics
  - Bedcovers and Bedspreads
- ❖ Current Capacity utilisation over 83%
- ❖ Contributes ~4% to the overall revenues to Company

... Bring economy of scale and strengthen Company's end to end operations

# State-of-the-art Manufacturing facilities...



**Chenab  
Textile Mills**



**Rajasthan  
Textile Mills**



**Birla  
Textile Mills**



**Damanganga  
Home Textile**

**Location**

Kathua,  
Jammu & Kashmir

Bhawanimandi,  
Rajasthan

Baddi,  
Himachal Pradesh

Daheli,  
Gujarat

**Products**

- ❖ Cotton Mélange Yarns
- ❖ Man-made Fibre Yarns

- ❖ Cotton Yarns
- ❖ Man-made Fibre Yarns

- ❖ Cotton Yarns
- ❖ Man-made Fibre Yarns

- ❖ Home textiles furnishings

**Present  
Capacity**

96,104 Spindles for  
Cotton Mélange Yarns;  
  
107,200 Spindles for  
Man-made Fibre Yarns

90,432  
Spindles

83,376  
Spindles

6 million metres  
per annum

... Strategically located near the marketing centers

# Wide distribution network and marquee clientele

Presence and strong brand image across globe in over 60 countries...



Expanded global foot print to 10 new location in FY15...  
...De-risk over dependence on few geography

Evolved as vendor to...



SHIVALIK PRINTS LTD.



Page Industries



...partner to a comprehensive textile solution provider

- ❖ One stop shop for all kinds of spun dyed yarns
- ❖ Focus on value added yarns that fetched superior realisations like Cotton Mélange Yarn, Dyed Synthetic Yarn
- ❖ Diversified offerings with presence across value chain with – Yarns & Home Textile

**Cotton blended mélangé yarn**



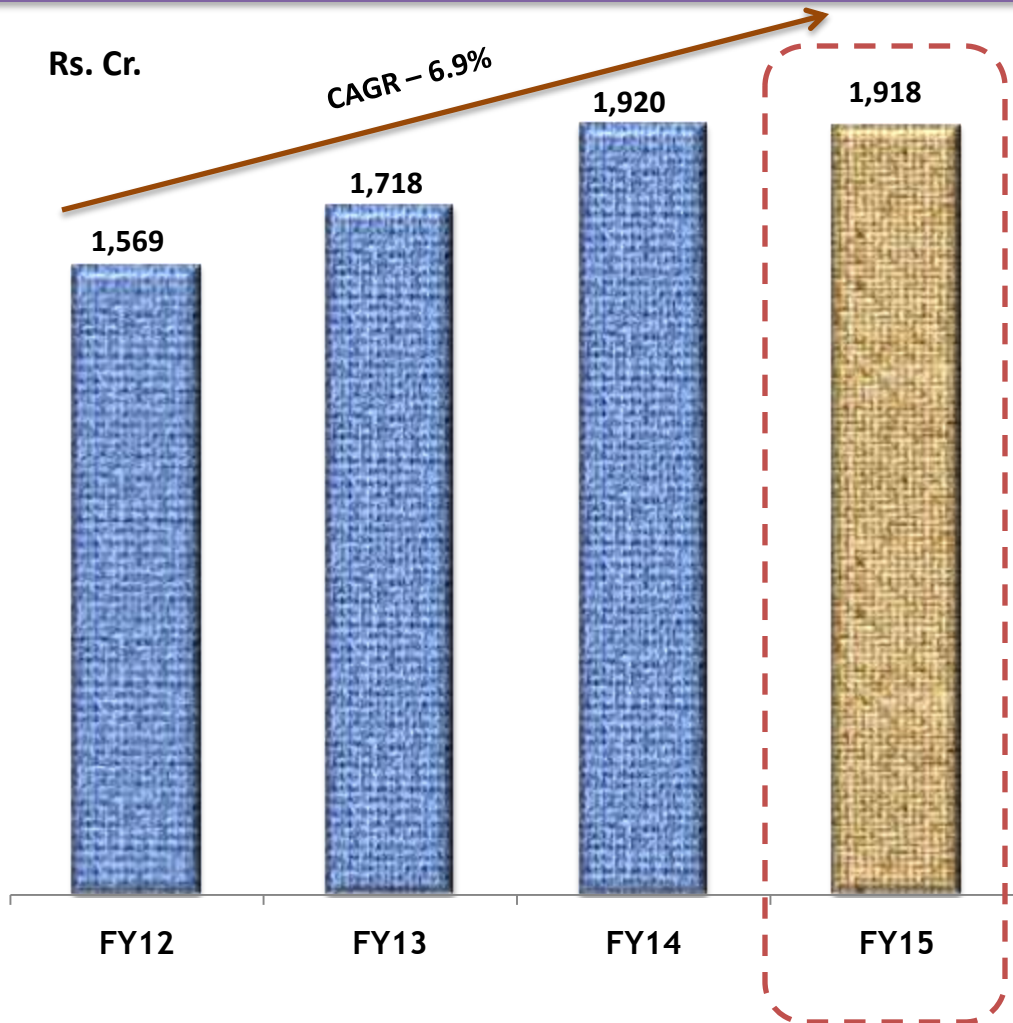
**... helps to navigate trend shifts**



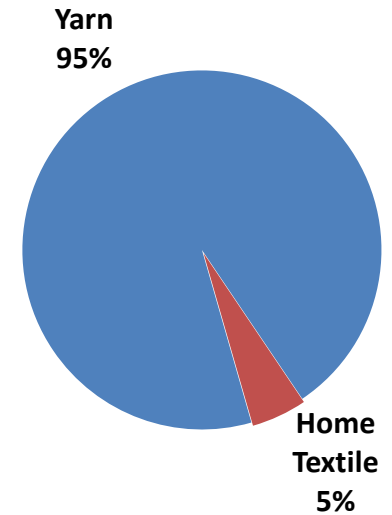
## Annual Financial Highlights

# Stable Revenue Growth...

## Total Revenue...



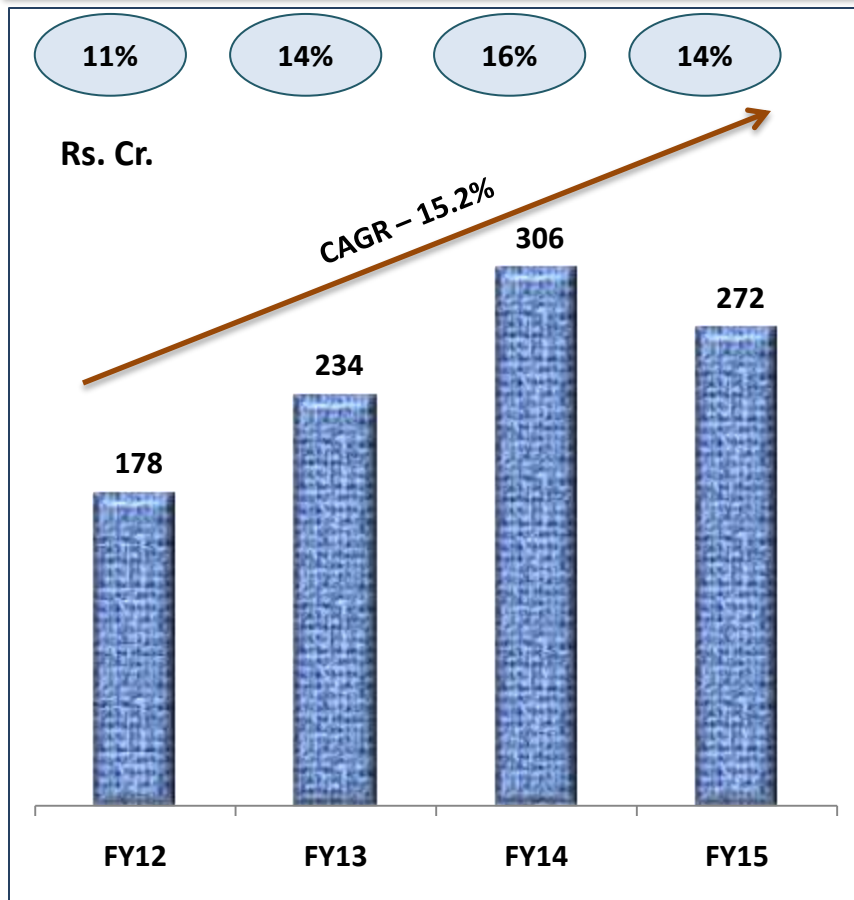
## Segment break-up



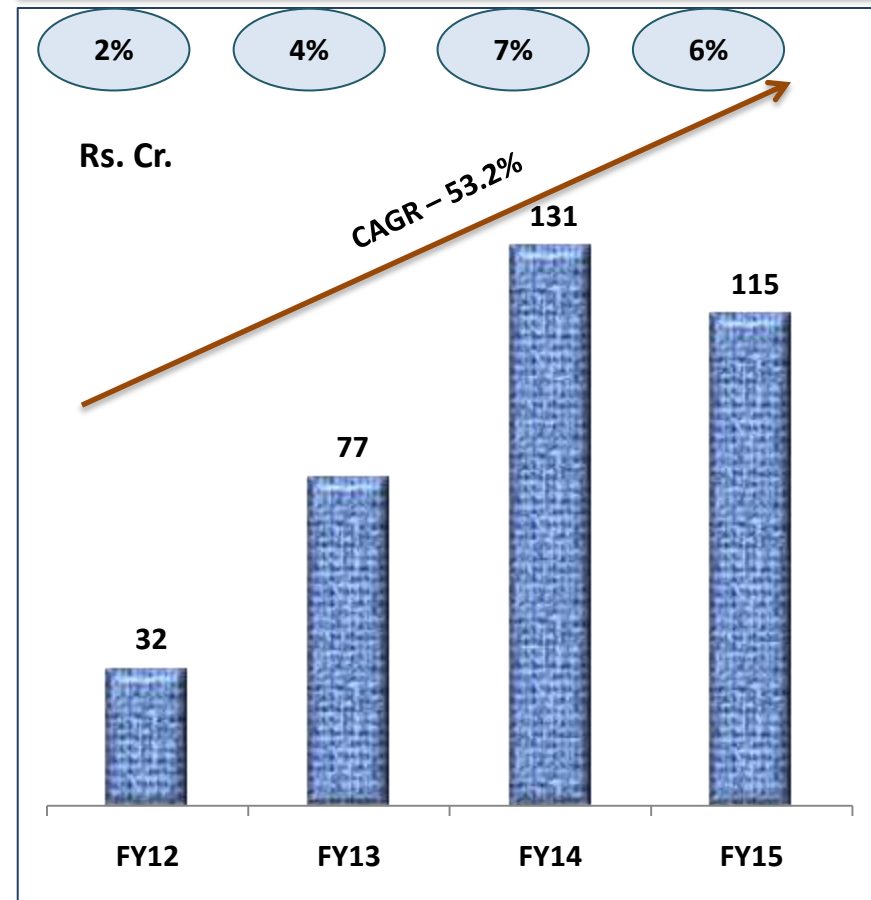


... with consistent track record of profitability...

### EBITDA & EBITDA margin (%)



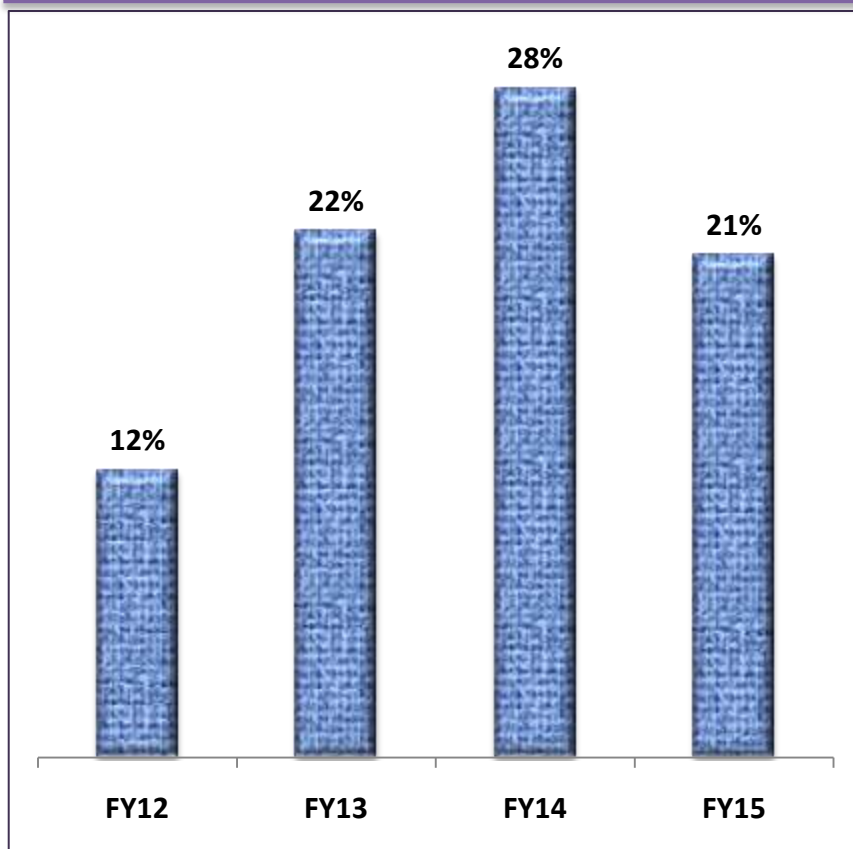
### Net Profit & Net margin (%)



Increasing share of Value Added Products in Portfolio likely to help margin improvement

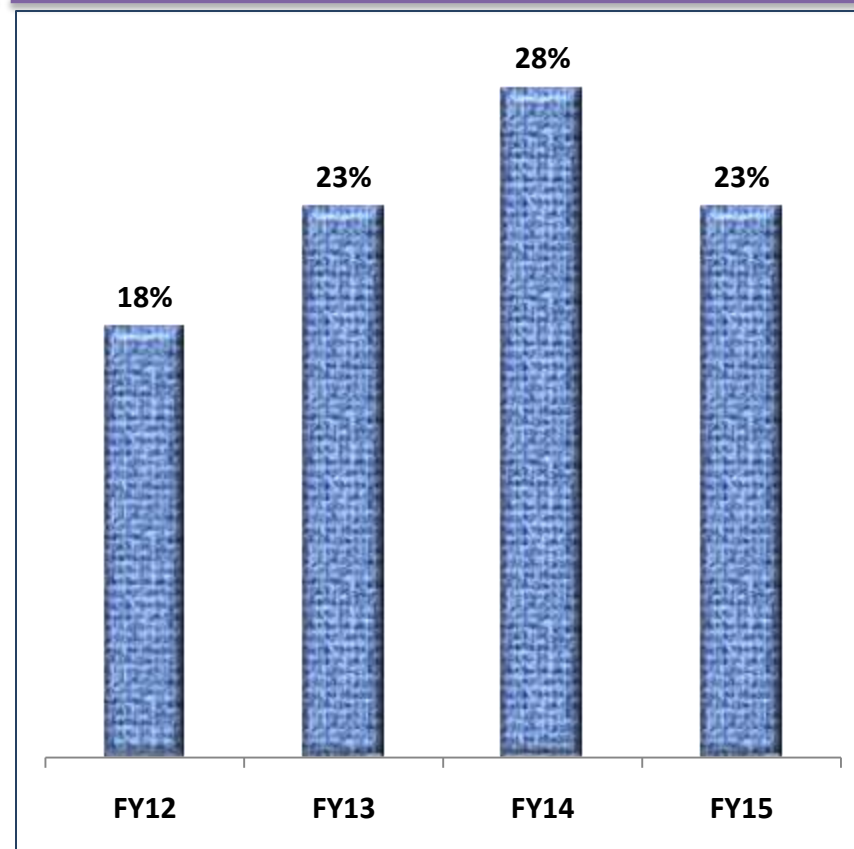
# ... healthier return ratios in the industry

## Return on Equity (RoE)



*RoE = Profit After Tax/Networth*

## Return on Capital Employed (RoCE)

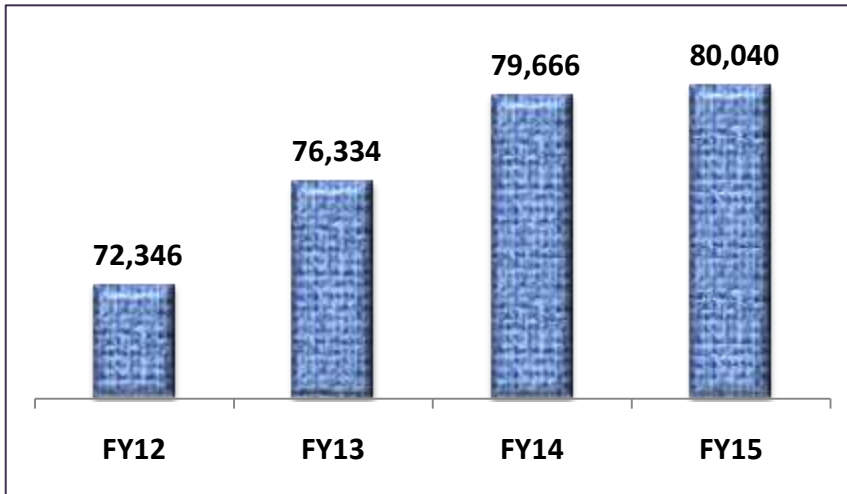


*RoCE = EBITDA/Capital Employed (Networth + Debt)*

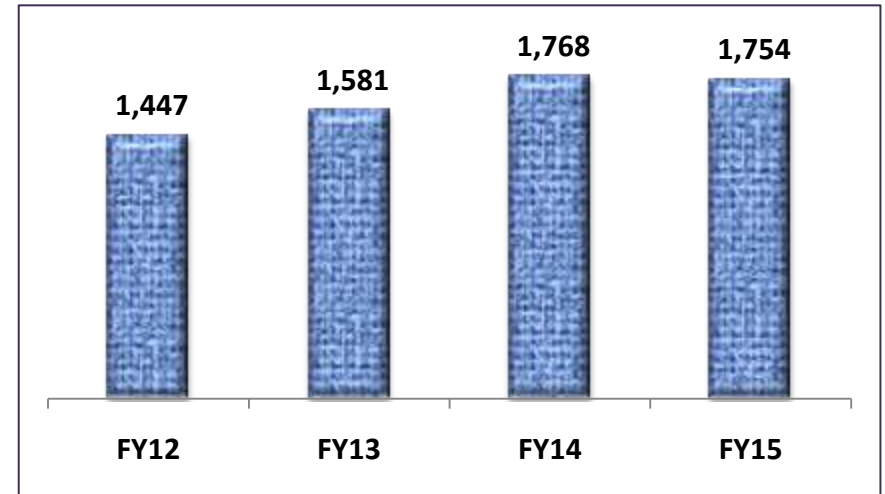
**Consistently generating over 20% Return**

# Yarn – Operational Performance

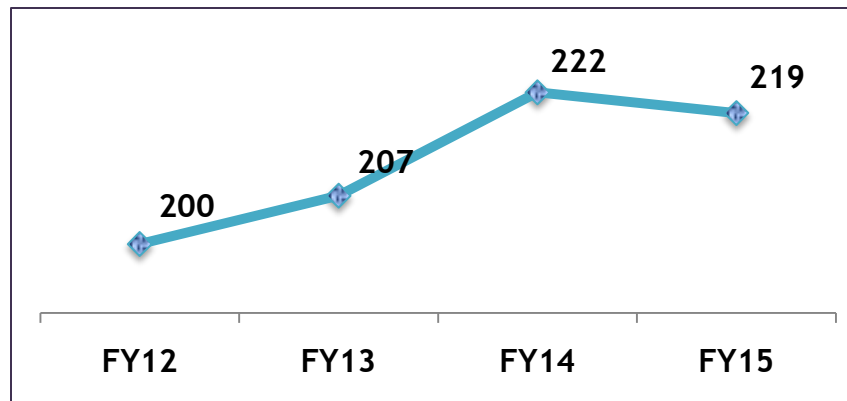
## Sales (MT)



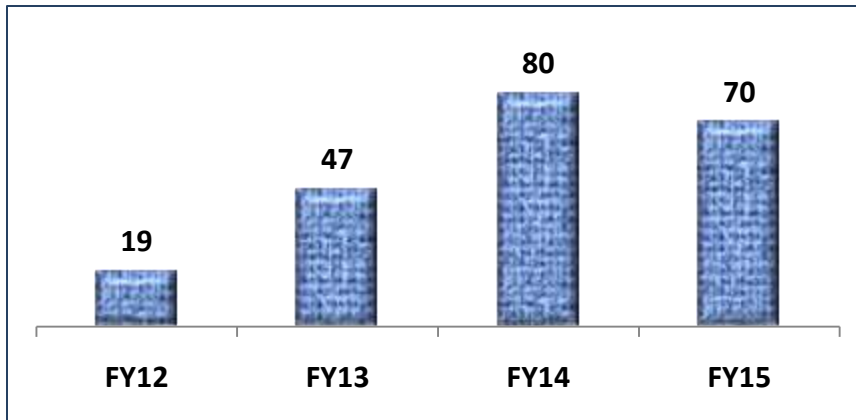
## Revenue (Rs. Cr.)



## Average Sales Realisation (Rs./ Kg)

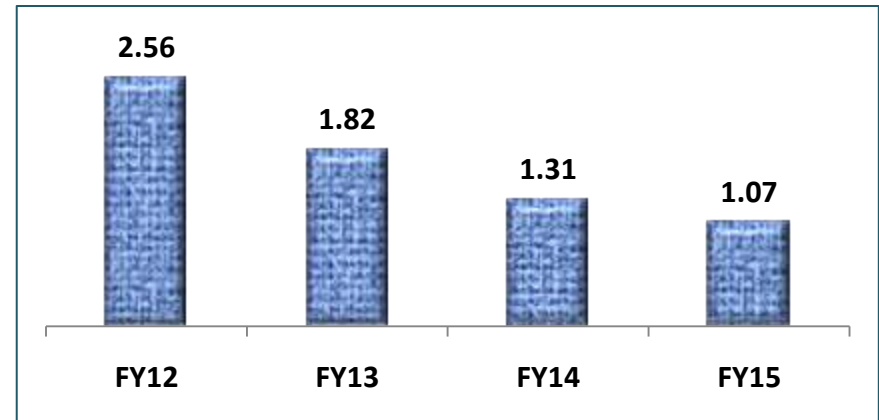


## EPS\* (Rs)

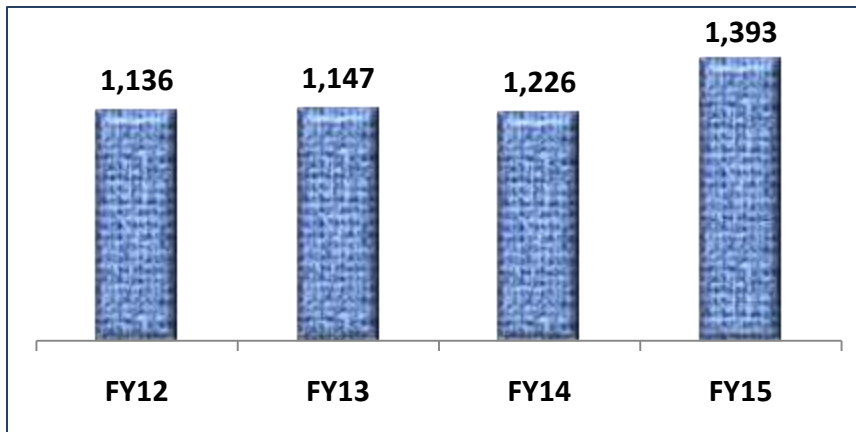


\* Adjusted figures post incorporating bonus effects (Company allotted Bonus shares in the ratio of 1:2 during June 2013)

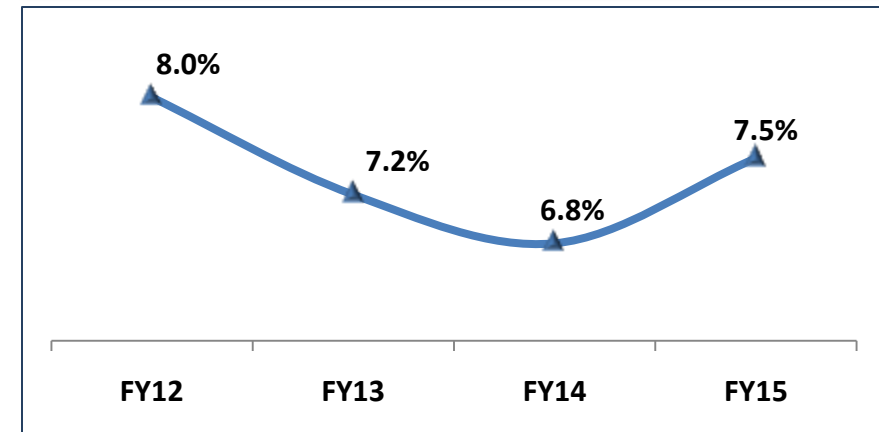
## Total Debt/Equity Ratio (x)



## Gross Block (Rs. Cr.)



## Avg. Interest Rate of Term Loans (%) (After TUF Subsidy)



# Key Financial highlights

Particulars	Rs. Crs.			USD mn		
	FY13	FY14	FY15	FY13	FY14	FY15
<b>Total Revenues</b>	1,718	1,920	1,918	324	337	315
<b>EBITDA</b>	234	306	272	44	54	45
<b>EBITDA Margin %</b>	14%	16%	14%	14%	16%	14%
<b>PAT</b>	77	131	115	15	23	19
<b>PAT Margin %</b>	4%	7%	6%	4%	7%	6%
<b>Total Assets</b>	1,149	1,273	1,341	217	223	220
<b>Net Worth</b>	346	462	558	65	81	92
<b>Long Term Debt</b>	338	267	339	64	47	56
<b>Total Debt</b>	652	630	598	123	111	98
<b>ROCE</b>	23%	28%	23%	23%	28%	23%
<b>ROE</b>	22%	28%	21%	22%	28%	21%
<b>Long Term Debt – Equity</b>	1.0	0.6	0.6	1.0	0.6	0.6
<b>EPS* - Basic &amp; Diluted</b>	47	80	70	0.9	1.4	1.1

*\*Adjusted figs post incorporating bonus effect (during June 2013, STIL allotted bonus shares in the ratio 1:2)  
USD calculations based on Avg rate: FY13: Rs. 53/ USD; FY14: Rs. 57/USD; FY15: Rs. 61/USD*



## Business Outlook

01

## Niche Value Added Products

Consistent production of high margin value added products to result in greater proportion of Cotton Mélange and Cotton Blended Dyed Yarn in the overall mix

02

## Growing Core Business

Acquisition of BTM & enhancing spindles capacities towards manufacturing Cotton Mélange and Cotton Blended Dyed Yarn to offer synergies and economies of scale

03

## Renewed Focus on Core Business

Sharpened focus on core yarn business coupled with renewed strategy for home textile segment to result in improved and diversified product mix

04

## Value Generators

Capacity ramp up of value added items, increased capacity under home textile business and lowering of leverage to drive margins and profitability

05

## Growth Drivers

Changing lifestyle, rising disposable income, demand for quality products, recovery in developed economies; rising labor cost & instability in neighboring countries

# Indian Textile Sector - Present

**\$108  
Billion**

● **Indian Textile sector current size**

**2nd**

● **Largest employment generator, Employs 45 mn people directly**

**49**

● **Million spindles capacity across ~1,300 mills**

**13%**

● **Share in country's export earnings**

**14%**

● **Contribution to India's industrial production**

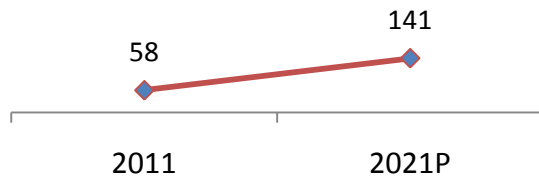
**4%**

● **Contribution to India's gross domestic product**

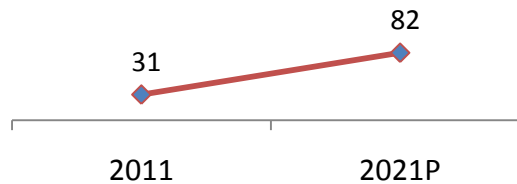


# Indian Textile Sector - Potential

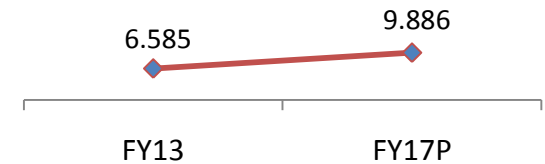
Domestic textile & apparel industry  
(\$ bn)



Textile & apparel exports (\$ bn)



Total Fibre Production (Mn Kg)



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

Mkt Value  
(2013) :  
USD100 bn

- Robust Demand
- Competitive Advantage
- Policy Support
- Increasing Investments

Mkt Value  
(2020 E) :  
USD 220 bn



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

# About Us



Sutlej Textiles and Industries Ltd (STIL) (part of S&P BSE SMALL CAP Index), 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, Tencil 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. The total spinning capacity post the acquisition of BTM, has increased to 377,112 spindles.

STIL has a strong global clientele and exports to more than 60 countries. It has presence across major developed and emerging economies like Australia, Argentina, Bangladesh, Bahrain, Belgium, Brazil, Canada, China, Chile, Cuba, Egypt, France, Germany, Hong Kong, Italy, Morocco, New Zealand, Peru, Philippines, Poland, Portugal, Russia, Saudi Arabia, 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:

### Company :

#### **Sutlej Textiles and Industries Ltd**

CIN: L17124RJ2005PLC020927

Mr. Dilip Ghorawat

#### **Whole Time Director & CFO**

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**sutlej**  
textiles and industries limited

**THANK YOU**

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