

Press Release

Sutlej Textiles and Industries Ltd reports Sustained Growth and Resilience Records highest ever Revenues and Net Profit in FY14 Revenue grows 12% to Rs. 1,881 crore EBIDTA expands by 31% to Rs. 306 crore Net Profit improves 70% to Rs. 131 crore Board recommends dividend of Rs. 8/- per share

Mumbai, May 13, 2014: Sutlej Textiles and Industries Ltd (STIL), a leading manufacturer of value added synthetic, cotton and blended yarns, fabrics & home furnishing has announced its results for the quarter and year ended 31st March 2014. The Company recorded its highest ever net profit of Rs. 131 crore during the year as against Rs.77 crore reported during previous year, registering a growth of 70% driven by improved operational efficiency and lower interest outgo.

The revenue of the Company expanded to Rs. 1,881 crore during the year as against Rs. 1,680 crore generated during previous year, an increase of 12% on account of improved realisations and higher off take of value added products. The EBITDA for the period stood at Rs. 306 crore as against Rs. 234 crore registered during previous year, an increase of 31% driven by improved spindle efficiency and cost optimisation.

Financial highlights:

(Rs. in crore)

Particulars	Q4 FY14	Q4 FY13	%	FY14	FY13	%
Revenue	482	432	11.6	1,881	1,680	12.0
EBITDA	70	60	16.7	306	234	30.8
EBIDTA Margins (%)	14.5	13.9	60 bps	16.3	13.9	240 bps
Depreciation and Impairment	24	17	41.2	75	70	7.1
EBIT	46	43	7.0	231	164	40.9
Interest	14	14	-	58	65	-10.8
PBT (after exceptional item)	31	23	34.8	172	93	84.9
Tax	10	7	42.9	41	16	156.3
PAT	21	16	31.3	131	77	70.1
Diluted EPS (Rs.)#	13	10	31.3	80	47	70.1

After giving effect of Bonus Shares

Commenting on the results, Mr. C.S. Nopany, Chairman, Sutlej Textiles and Industries Ltd said “During the just concluded financial year we witnessed an overall improvement in Sutlej’s operations. Profitability was buoyed mainly as a result of optimal spindle utilization, thrust on value added products and prudent cost management. In addition, our in-house R&D spins out innovative qualities and strategies for optimization of product cost, resulting in improved operational performance of the business.

Going forward, the commissioning of the new 30,672 spindles for Cotton Mélange Value Added Yarns will add significant value to the Company. While the business environment is expected to be moderate in the near-term, we are optimistic that the Company with its improving fundamentals will be able to deliver sustained performance in the coming years.”

Key Developments

Strong Operational and Financial Performance

- Highest ever annual financial performance delivered by the Company
- Margin progression on the back of improved spindle efficiency, cost optimization & healthier realisation
- Improved volumes, better product mix and increased sales realisation resulted in revenue expansion
- Profitability improvement on account of higher revenue generation, improved margins and lower interest rate

Capacity Additions and Technology Up-gradation under implementation

- Spinning capacity will be expanded by 30,672 spindles; resulting in higher production of Cotton Mélange yarn, a value added product
- Project Budget: Rs. 175 crore (including Rs. 10 crore for long term working capital)
- Achieved financial closure with internal accruals of Rs. 44 crore
- Expansion plans are on schedule – the Company has incurred approx. Rs. 54 crore till 31st March 2014 and all required plant and machineries, equipment's etc. tied up
- Commercial production is likely to commence by October 2014
- In addition, the Company intends to further invest towards technology up-gradation and debottlenecking, etc. amounting to approx. Rs. 80 crore in 2014-15, leading to increase in efficiency and cost reduction

Improved Credit Rating

- Credit rating enhancement is testament to the Company's improving financial and operational performance
- The Company's liquidity position remained comfortable led by improving working capital cycle and strong free cash flow

India Ratings & Research (IND-Ra)

- Long - Term Issuer Rating: assigned '**IND A+**'; with "**Stable outlook**"
 - INR 5,234.8m term loans: assigned Long - Term '**IND A+**'
 - INR 4,750m fund - based working capital limits: assigned Long - Term '**IND A+**'
 - INR 600m non-fund based working capital limits: assigned Short - Term '**IND A1**'
- The rating is reflective of the Company's ability to withstand sectoral cyclicity

CARE Ratings

- Long Term Bank Facilities: Upgraded to "**CARE A-**" [Single A Minus] (from '**CARE BBB**' [Triple B])
- Short Term Bank Facilities: Upgraded to "**CARE A2+**" [A Two Plus] (from "**CARE A3+**" [A Three Plus])
- The revision in rating reflective of the improving operational and financial performance of the Company

Rewards to Shareholders

- The Board of Directors have recommended, subject to approval of shareholders, a dividend of Rs.8/- per fully paid up equity shares of Rs.10/- each, aggregating to Rs.15.33 crore including dividend distribution tax
- Consistent track record of paying dividend since incorporation
- In line with Company's philosophy of rewarding its shareholders, the Company allotted bonus shares in the ratio 1:2 (June2013)

About Sutlej Textiles and Industries Ltd (STIL):

Sutlej Textiles and Industries Ltd (STIL) 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 etc., and has a presence across value chain – Yarns, Fabrics and Home Textile. STIL by means of its versatile and vertically integrated facilities from spinning and weaving to dyeing and finishing and making of home textile furnishing enables it to excel in all stages of textile productions.

STIL has also been recipient of numerous prestigious awards recent one are **Niryat Shree – Gold trophy** award for its Export performance in 2009-10 (up 77% over the preceding financial year); **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 presence across Australia, Argentina, Bangladesh, Canada, China, Egypt, England, France, Germany, Greece, Hong Kong, Indonesia, Pakistan, Panama, Philippines, Sri Lanka, Turkey, United States of America, the United Arab Emirates (UAE) and Vietnam, among others.

For further information, please contact:

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Disclaimer:

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our 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 these forward-looking statements to reflect subsequent events or circumstances.

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2014

(Rs. in lacs except per share data)

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31 Mar'14 (Audited)	31 Dec'13 (unaudited)	31 Mar'13 (Audited)	31 Mar'14 (Audited)	31 Mar'13 (Audited)
1	Income from Operations					
(a)	Net Sales/ Income from Operations (Net of excise duty)	47,033	45,454	42,784	184,841	166,514
(b)	Other Income	1,154	927	465	3,221	1,510
	Total income from Operations (net)	48,187	46,381	43,249	188,062	168,024
2	Expenses					
a)	Cost of materials consumed	25,127	26,183	24,340	100,283	94,773
b)	Purchases of stock-in-trade	4,337	5,234	3,839	16,040	11,216
c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,110	(3,921)	(792)	(1,451)	575
d)	Employee benefits expense	4,013	4,179	3,558	15,801	13,470
e)	Depreciation, amortisation and impairment expense	2,350	1,754	1,700	7,519	7,015
f)	Other expenses	7,603	7,323	7,272	30,732	28,334
	Total expenses	44,540	40,752	39,917	168,924	155,383
3	Profit from operations before other income, finance costs and exceptional items	3,647	5,629	3,332	19,138	12,641
4	Other Income	956	1,251	979	3,905	3,775
5	Profit from ordinary activities before finance costs and exceptional items	4,603	6,880	4,311	23,043	16,416
6	Finance costs	1,428	1,352	1,427	5,807	6,531
7	Profit from ordinary activities after finance costs but before exceptional items	3,175	5,528	2,884	17,236	9,885
8	Exceptional items	64	-	606	64	606
9	Profit from Ordinary activities before tax	3,111	5,528	2,278	17,172	9,279
10	Tax Expenses	1,046	1,538	682	4,034	1,582
11	Net Profit for the period	2,065	3,990	1,596	13,138	7,697
12	Paid-up equity share capital, Equity Shares of Rs.10/- each	1,638 #	1,638 #	1,092	1,638 #	1,092
13	Reserves excluding Revaluation Reserves				44,610	33,552
14	Earnings Per Share (Not annualized) (Rs.) #					
	- Cash	26.22	35.57	21.13	124.18	88.31
	- Basic and diluted	12.60	24.35	9.74	80.19	46.98
A	PARTICULARS OF SHAREHOLDING	#	#		#	
1	Public shareholding :					
	- No. of Shares	5,926,011	5,926,011	3,950,673	5,926,011	3,950,673
	- Percentage of Shareholding (%)	36.17	36.17	36.17	36.17	36.17
2	Promoters and promoter group shareholding:					
(a)	Pledged/Encumbered					
	- Number of shares	2,925,000	2,925,000	1,950,000	2,925,000	1,950,000
	- Percentage of shares (as a % of the total shareholding of Promoters and Promoter group)	27.97	27.97	27.97	27.97	27.97
	- Percentage of shares (as a % of the total share capital of the Company)	17.85	17.85	17.85	17.85	17.85
(b)	Non-encumbered					
	- Number of Shares	7,531,851	7,531,851	5,021,235	7,531,851	5,021,235
	- Percentage of Shares (as a % of the total shareholding of promoters and promoter group)	72.03	72.03	72.03	72.03	72.03
	- Percentage of shares (as a % of the total share capital of the company)	45.98	45.98	45.98	45.98	45.98

After giving effect of Bonus Shares (Refer Note No.1)

AUDITED SEGMENT INFORMATION FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2014

(Rs. in lacs)

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31 Mar'14 (Audited)	31 Dec'13 (Unaudited)	31 Mar'13 (Audited)	31 Mar'14 (Audited)	31 Mar'13 (Audited)
1	Segment Revenue :					
	(a) Yarn	45,859	44,149	41,030	178,913	158,788
	(b) Fabrics and Apparels	3,031	2,721	2,712	11,588	11,558
	Gross Turnover (Turnover and Inter Segment Revenues)	48,890	46,870	43,742	190,501	170,346
	Less: Inter Segment Revenue	703	489	493	2,439	2322
	Turnover	48,187	46,381	43,249	188,062	168,024
2	Segment Result :					
	(a) Yarn	4,874	6,088	3,996	21,747	14,933
	(b) Fabrics and Apparels	(888)	(6)	(245)	(1,112)	(834)
	Total Segment Profit before Tax, Finance Costs and Exceptional Items:	3,986	6,082	3,751	20,635	14,099
	Less : Finance costs	1,428	1,352	1,427	5,807	6,531
	Exceptional items	64	-	606	64	606
	Add : Other un-allocable income net of un-allocable expenditure	617	798	560	2,408	2,317
	Profit/(Loss) before tax	3,111	5,528	2,278	17,172	9,279
3	Capital Employed :					
	(Segment assets - Segment liabilities)					
	(a) Yarn	97,352	85,727	86,488	97,352	86,488
	(b) Fabrics and Apparels	11,396	12,375	11,712	11,396	11,712
	Add: Un-allocated Corporate Assets/ (Liabilities) (net)	1,299	10,658	2,783	1,299	2,783
	Total Capital Employed	110,047	108,760	100,983	110,047	100,983

STATEMENT OF ASSETS AND LIABILITIES

(Rs. in lacs)

	Particulars	As at 31st March, 2014	As at 31st March, 2013
A	<u>EQUITY AND LIABILITIES</u>		
1	<u>Shareholders' Funds:</u>		
(a)	Share Capital	1,638	1,092
(b)	Reserves and Surplus	44,610	33,552
	Sub-total - Shareholders' funds	46,248	34,644
2	Deferred Government Subsidies	172	209
3	<u>Non-Current Liabilities:</u>		
(a)	Long-term Borrowings	26,667	33,767
(b)	Deferred Tax Liabilities (Net)	4,158	4,471
(c)	Other Long-term Liabilities	389	340
(d)	Long-term Provisions	421	345
	Sub-total - Non-current liabilities	31,635	38,923
4	<u>Current Liabilities :</u>		
(a)	Short-term Borrowings	24,534	20,876
(b)	Trade Payables	5,337	4,024
(c)	Other Current Liabilities	16,451	14,534
(d)	Short-term Provisions	2,917	1,706
	Sub-total - Current liabilities	49,239	41,140
	TOTAL - EQUITY AND LIABILITIES	127,294	114,916
B	<u>ASSETS</u>		
1	<u>Non-Current Assets :</u>		
(a)	Fixed Assets	56,317	54,517
(b)	Non-Current Investments	5,000	5,000
(c)	Long-term Loans and Advances	4,182	3,699
(d)	Trade Receivables	-	-
(e)	Other Non-Current Assets	-	-
	Sub-total - Non-current assets	65,499	63,216
2	<u>Current Assets :</u>		
(a)	Current Investments	334	254
(b)	Inventories	38,360	31,322
(c)	Trade Receivables	15,425	14,259
(d)	Cash and Bank balance	390	476
(e)	Short-term Loans and Advances	2,823	1,870
(f)	Other Current Assets	4,463	3,519
	Sub-total - Current assets	61,795	51,700
	TOTAL - ASSETS	127,294	114,916

Notes:

1. Pursuant to the resolution passed by the Shareholders through Postal Ballot concluded on 17th June, 2013, the Company has allotted 54,60,954 Equity Shares of Rs.10/- each as fully paid-up Bonus Shares in the Ratio of 1(one) Bonus Share for every 2 (two) existing Equity Share held by the Shareholders as on the Record Date i.e. 28th June, 2013 and date of allotment is 1st July, 2013.
Consequently, the paid-up equity share capital of the Company has been increased from Rs.1092 lacs to Rs.1,638 lacs and the Earnings per Share (EPS) has been arrived at for all periods after considering issue of Bonus Shares as per AS-20 (Earnings Per Share).
2. The Board of Directors has recommended a dividend of Rs.8/- per Equity Share of Rs.10/- each for the year ended 31st March, 2014, subject to approval of shareholders.
3. Power Plant of Daheli unit has been impaired as a result of uneconomical operation. Accordingly, impairment loss of Rs.676 lacs has been accounted for based on estimated selling price and included in Fabrics and Apparels segment result.
4. In previous year, the Garment division of the Company was closed w.e.f. 31.01.2013 and provision for loss on fixed assets held for sale was considered as exceptional item. During the year, additional loss of Rs.64 lacs incurred on disposal of those fixed assets, has been considered as exceptional items in line with previous year presentation.
5. 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 31st March and the unaudited published year to date figures up to the third quarter ended 31st December, which have been reviewed by the Statutory Auditors.
6. The figures of the previous period/year have been re-grouped/re-arranged and/or recast, wherever found necessary.
7. 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 12 and May 13, 2014.

By Order of the Board
For SUTLEJ TEXTILES AND INDUSTRIES LIMITED

Place: Mumbai
Date : 13.05.2014

(C.S. Nopany)
Chairman