



Towards Greater Resilience

Sutlej Textiles and Industries Limited

Annual Report 2011-12

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Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



**In an incredibly harsh economic background,
our constant endeavour to embrace challenges
makes us resilient in the toughest of times.**

Today, we have successfully woven new growth stories through investments in technology, maximising capacity utilisation, deeper market penetration and sharpening focus on value-addition. These strategic initiatives have enabled us to anticipate expected and unexpected changes, keeping business on course; customers satisfied and constantly add value to our stakeholders even in challenging times.

sutlej
textiles and industries limited

The Sutlej Portrait



Sutlej Textiles and Industries Limited (Sutlej) is among India's leading integrated textile players with presence across the textile value chain.

The organisation enjoys the privilege of being among the few Indian yarn producers capable of producing and supplying any type of spun yarn under one roof and has emerged as one of India's largest manufacturers and exporters of synthetic and blended dyed yarn. Sutlej is among the few recognised textile organisations that has the expertise to develop an extensive range of value-added yarns including cotton, acrylic, polyester, viscose, modal, lycra and tencel and their brands, among others.

Besides, Sutlej is carving a niche in today's fast changing economic climate with diversified offerings comprising fabrics, garments and home textiles.

Investor information

BSE code: 532782

NSE code: SUTLEJTEX

Reuters code: SUTI.BO

Bloomberg code: SUJT IN

Shareholding distribution:

Promoters – 63.8%,
Public – 36.2%
 (Bodies Corporate – 18.3%)

Market capitalisation

(as on 31st March, 2012):
Rs. 174.42 crore

2005*

Inception

**20 million metres
per annum**

Processed fabrics capacity

**24 branches/
depots and many
agents across India**

Robust distribution network

**1.6 million pieces
per annum**

Trouser production

50+ countries

Export presence

**2.5 million metres
per annum (32
shuttleless looms)**

Home textiles furnishing capacity

3

Indian manufacturing locations

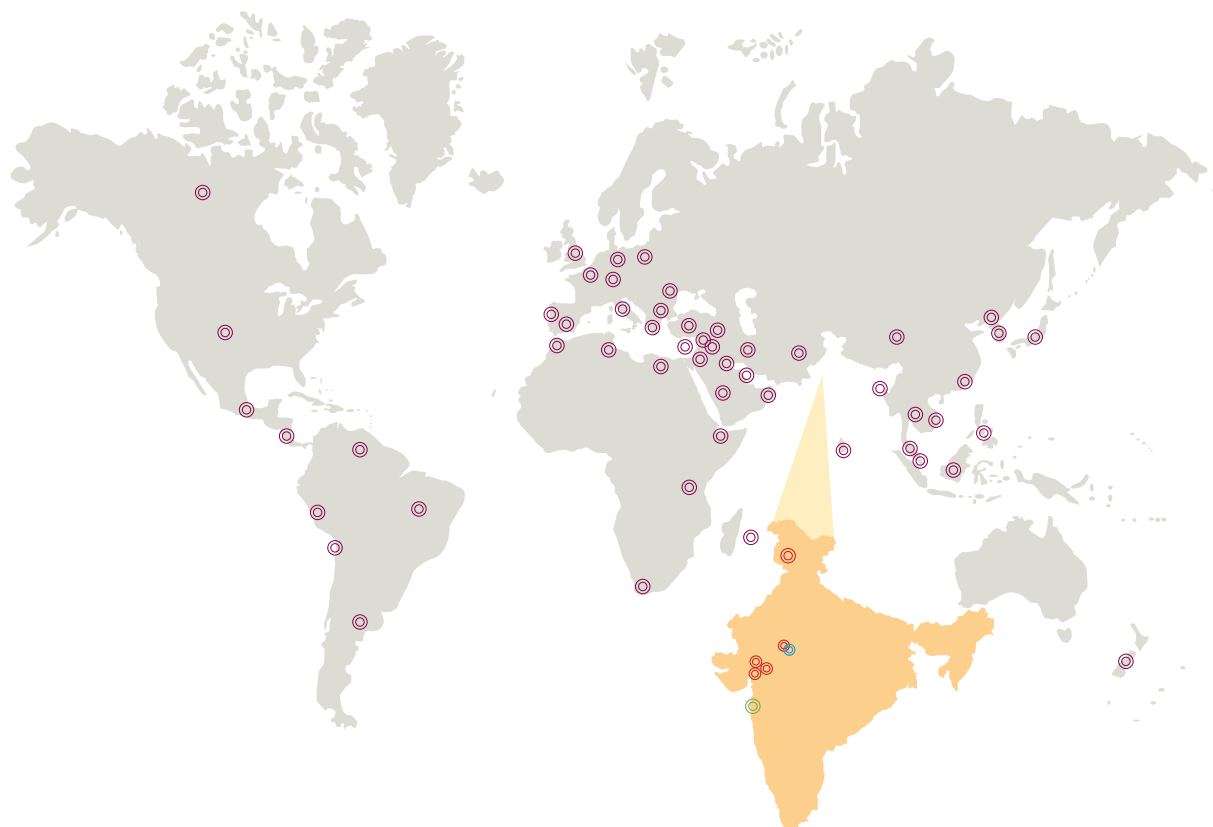
**253000 spindles
and 336 rotors**Cotton yarn and manmade fibre yarn
capacity**Rs. 110 crore**Investment in modernisation over the
past three years ending 2011-12**4.9 million metres
per annum
(60 looms)**

Fabrics capacity

IS/ISO 9001:2008Quality certification; enjoys status of
Trading house certification (conferred
by the Government of India)

* The emerging "transferee company" out of a corporate restructuring of Sutlej Industries Limited (founded by Late Mr. G. D. Birla in 1934) and Damanganga Processors Limited.

Presence



1) Manufacturing locations (India)

- Unit: Rajasthan Textile Mills (RTM), Bhawanimandi, Rajasthan
Products: Cotton yarn and manmade fibre yarn
- Unit: Chenab Textile Mills (CTM), Kathua, Jammu and Kashmir
Products: Cotton yarn and manmade fibre yarn
- Damanganga Fabrics: Daheli, Gujarat
Products: Fabrics and processed fabrics
- Damanganga Garments: Daheli, Gujarat
Products: Garments
- Damanganga Home Textiles: Daheli, Gujarat
Products: Home textile furnishing

2) Registered office

Bhawanimandi, Rajasthan

3) Corporate office

Mumbai, Maharashtra

4) Exports

Argentina, Australia, Bangladesh, Bahrain, Belgium, Brazil, Bulgaria, Cyprus, Canada, Chile, China, Columbia, Egypt, England, Germany, Greece, Hong Kong, Indonesia, Italy, Iran, Israel, Japan, Jordan, Korea, Kuwait, Lebanon, Malaysia, Mauritius, Mexico, Morocco, New Zealand, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Romania, Saudi Arabia, Spain, Singapore, Syria, Sri Lanka, Switzerland, South Africa, South Korea, Sultanate of Oman, Tanzania, Tunisia, Turkey, Thailand, the United States of America, the United Arab Emirates (UAE), Vietnam and Venezuela.



Rich product profile across divisions

Yarns

Regular quality

*100% polyester *100% viscose *100% acrylic *100% modal and tencel *100% cotton melange and cone dyed *Polyester/viscose *Polyester/cotton *Acrylic/cotton *Polyester/acrylic *Modal/cotton *Modal/polyester *Viscose/cotton *Bamboo/cotton

Premium quality

*Micro polyester (soft touch) *Micro acrylic (for chenille) *Micro modal (super soft silky) *Hamel covered yarns (stretch) *Low piling yarns *Carpet backing and pile yarns *Yarns on ready-to-dye package *Cationic dyeable yarns *Tencel *Yarns from soya-milk fibre *100% bamboo

Fabrics

Premium blends

*Polyviscose *Polyviscose lycra *Poly wool *Pure wool *Poly wool lycra

Exotic blends

*Poly modal *Poly Tencel *Poly viscose linen *Poly viscose cotton *Poly silk *Linen cotton *Pure linen

Finishes

*Advanced dual action Teflon *Repel Teflon *Release Teflon *Teflon HPR *Ultra release Teflon *Enzyme wash *Wrinkle-free *Aroma finish *Anti-microbial *Ice touch *Chemical stretch *Temperature control *Insect repellent *UV-resistant *Mal odour

Home textiles

Made-ups

*Curtain fabric *Upholstery fabric for sofa sets/seats and seat covers *Fabric for automobile seats *Mattress covers *Readymade curtains *Shams *Duvets *Throws *Wall hangings and decorations *Bed spreads and bed covers *Quilts and quilting materials *Chenille items *Baby bedding

Finishes

*Fire-retardant *Bio finish *Aroma finish *Other superior finish as per buyer's requirement.

Garments

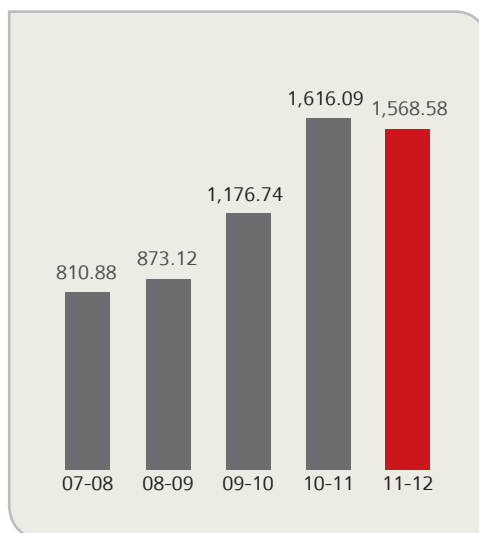
*Formal dress trouser *Semi formal trouser *Five pocket casual trouser *Auto fit trouser *Perfect fit trouser *Ladies wear trouser *School wear trouser

Key clientele

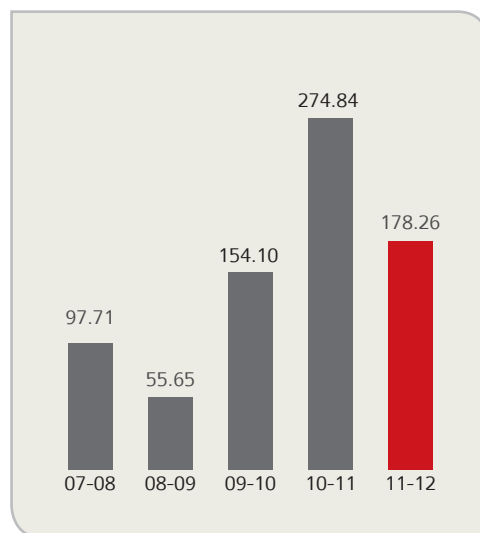
Raymonds, Harry's Collection, Digjam, Marks & Spencer, JC Penney, Next, ASDA, Grasim, Donear, Siyaram's, Arrow, Sears, Kohls, Arvind, John Miller, Tesco, Calvin Klein, GAP, Levis and Burton among others.

2011-12 Performance

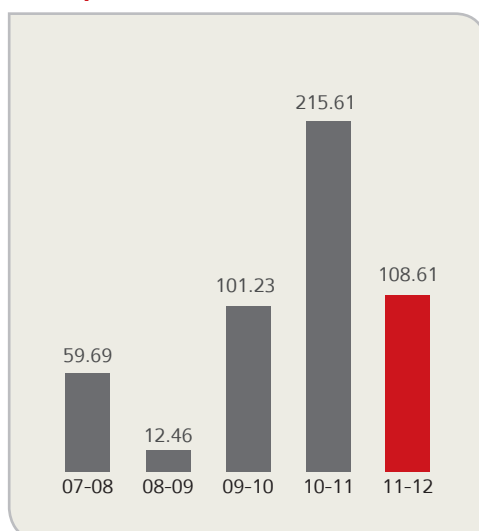
Total income (Rs. crore)



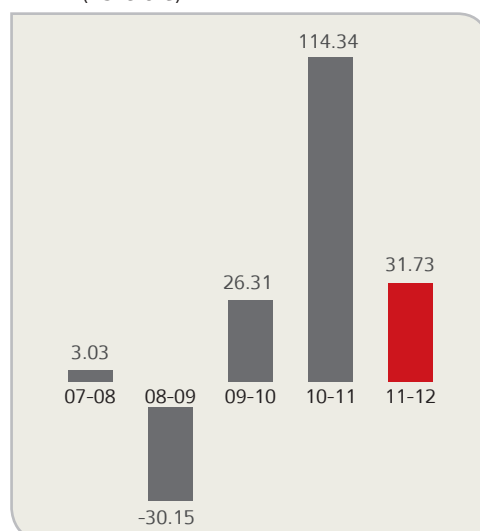
EBIDTA (Rs. crore)

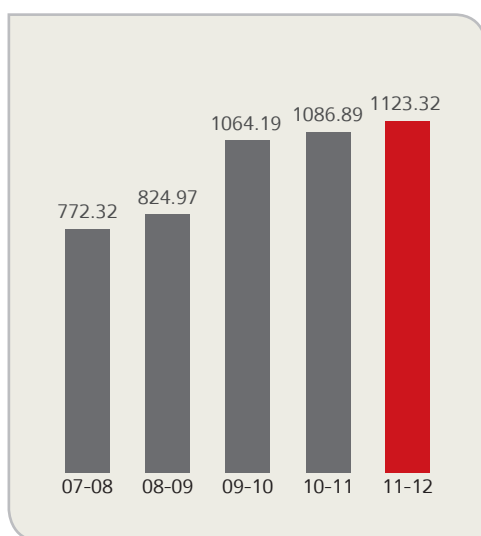
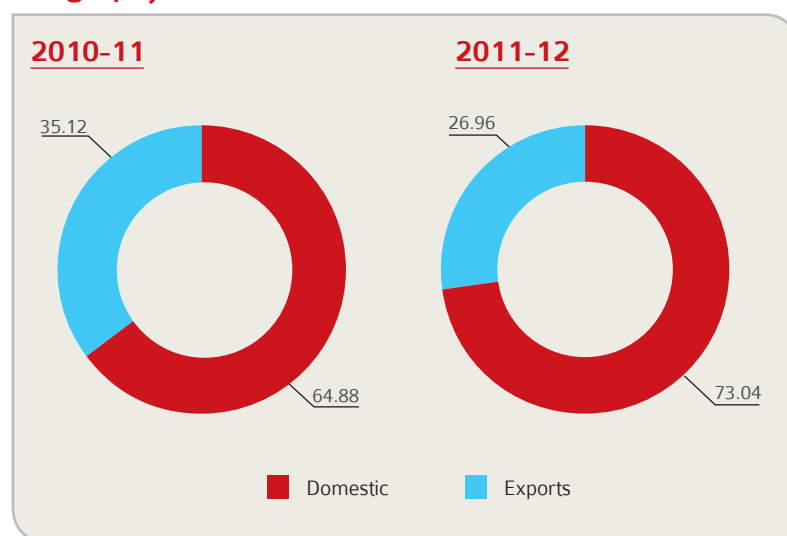
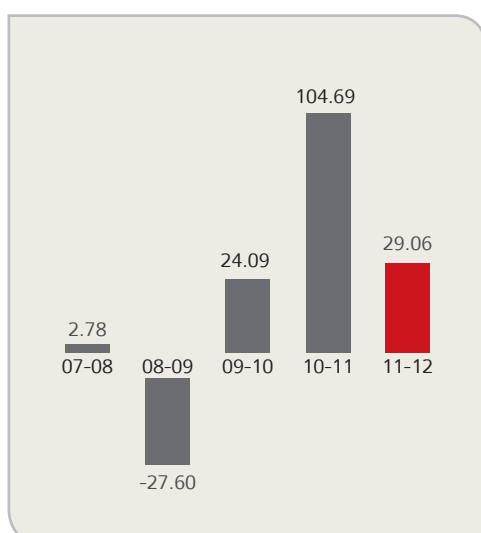
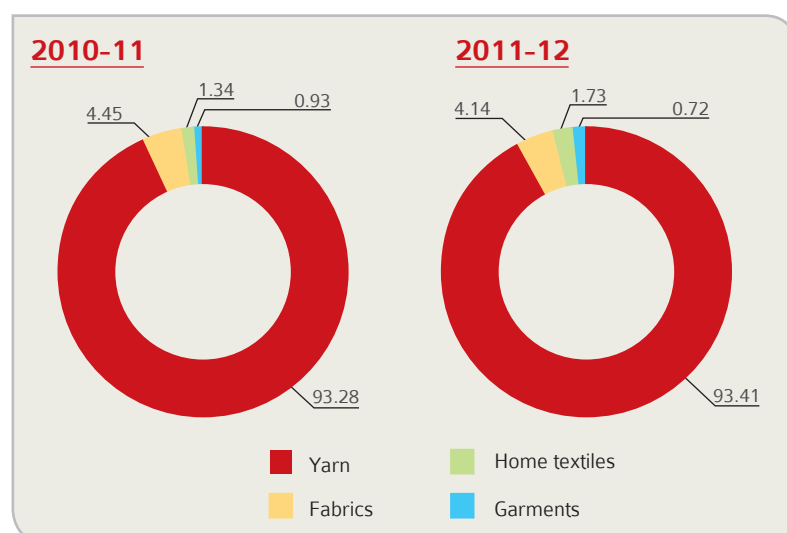


Cash profit (Rs. crore)



PAT (Rs. crore)



Gross block (Rs. crore)**Geography-wise revenue (%)****EPS** (Rs.)**Division-wise revenue (%)**



C.S. Nopany, Chairman



This scenario was common across the industry. What gives me pleasure is the fact that despite these challenges, our performance has been among the best in the industry.

Letter from the Chairman

Dear Shareholders,

This was a year of global challenges and uncertainties. Events like natural disaster in Japan, growing unemployment in the US, Euro-zone crisis and political and economic turmoil in the Middle East and North African states have had a detrimental repercussion. Volatility in commodity prices and disruptions to supply chains impacted businesses globally. These events have raised serious concerns over the stability of the developed nations, as the recoveries in these economies have stalled and governments and consumers have deleveraged. Whilst this stuttering global recovery has seen growth estimates cut across the board, the transfer of economic power from mature to emerging economies is gaining momentum.

Asia too has its own challenges. However, China and India have emerged as the hope for rest of the world. While it will take a longer time for the matured markets to reach the pre-recession level growth rates, a rebalancing of global economic power can be foreseen in the medium-term.

Being resilient

On the backdrop of such a volatile environment, Sutlej also had its own set of challenges. The year tested our agility. Highly volatile raw material prices, inventories, disproportionate demand-supply equation, adverse currency movement and labour shortages impacted our realisations, volumes, margins and profitability. Labour scarcity almost throughout the year has been a new phenomenon. This scenario was prevalent across the industry.

Our resilient approach and our constant endeavour to positively embrace challenges combined with our diversified exposure to end markets enabled us to bear the impact. Our strategy and business model remain robust and relevant to the challenges and demands of our markets. We are moving forward with plans that allow us to constantly evolve and initiate early change, as opportunities present themselves.

Events during the year

Efficient inventory management: The year witnessed volatile cotton prices ranging between Rs. 32,000 per candy to Rs. 62,000 per candy. This