sutlej
textiles and industries limited

OPTIMISM

Sutlej Textiles and Industries Limited
Annual Report 2017-18

Dr. Krishna Kumar Birla

The late Dr. Krishna Kumar Birla was son of the legendary Indian industrialist Shri Ghanshyam Das Birla. He was born on 12th October, 1918 at Pilani in Rajasthan and over time established himself as a captain of Indian industry. He founded one of India's well-known business conglomerates and was a man of many facets - patriot, industrialist and philanthropist.

Over the decades, he grew his business conglomerate - sugar, fertilizers, media, textiles, shipping, engineering, financial services, furniture, information technology, plantations and infrastructure – into a respectable player across different sectors. A few of the companies that Dr. Birla promoted comprised Chambal Fertilisers and Chemicals Limited, CFCL Technologies Limited, Indo Maroc Phosphore SA, Texmaco Limited, Zuari Industries Limited, HT Media Limited, Paradeep Phosphates Limited and Sutlej Textiles & Industries Limited.

As an industry statesman, Dr. Birla headed several prominent national institutions like Federation of Indian Chambers of Commerce and Industry (FICCI), the Indian Sugar Mills Association (ISMA) and the International Chambers of Commerce (ICC).

Dr. Birla was more than an industrialist; he was a statesman-visionary who developed modern and scientific institutions in India. His philanthropic engagement included Birla Institute of Technology and Science, International Centre for Excellence, K. K. Birla Foundation and K. K. Birla Academy of Scientific, Historical and Cultural Research.

Dr. Birla was a Member of Parliament for three terms (aggregate 18 years) from 1984 till 2002 and served on several committees of Parliament. He was appointed twice - 1980 and 2004 - as member of the National Integration Council chaired by the Prime Minister, which also comprised state Chief Ministers as members. In recognition of his contributions to the nation, India Post honoured him with a commemorative postage stamp.

Spiritual strength and moral values were part of Dr. Birla's personal idealogy. Dr. Birla and his wife Smt. Manorama Devi constructed the magnificent Shri Radha-Krishna Temple in Kolkata.

Dr. Birla passed away on 30th August, 2008 leaving behind a rich legacy.

On the occasion of his centenary, we re-dedicate ourselves to the ideals by which he lived.

Forward-looking statement

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

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Two words influenced our responsiveness in the face of a challenging textile sector scenario in 2017–18.

Can do.

8 things we wish to tell you about our company

1 We possess a rich pedigree

Sutlej Textiles and Industries Ltd. (STIL) is one of the flagship company of a multi-business conglomerate promoted by the late Dr. K.K. Birla. The Company comprises some of the most experienced professionals, having carved out a respect for niche yarns, service, value-addition and exports.

2 We are one of the largest of our kind in India

Sutlej is one of India's largest integrated textile manufacturing company with a presence across the value chain – from yarn to home textiles. The Company manufactures synthetic, natural and blended yarns, all types of spun yarns and home textile furnishings; the Company also processes fabrics. The Company is one of the largest manufacturers of spun-dyed yarn and value-added mélange yarn in India.

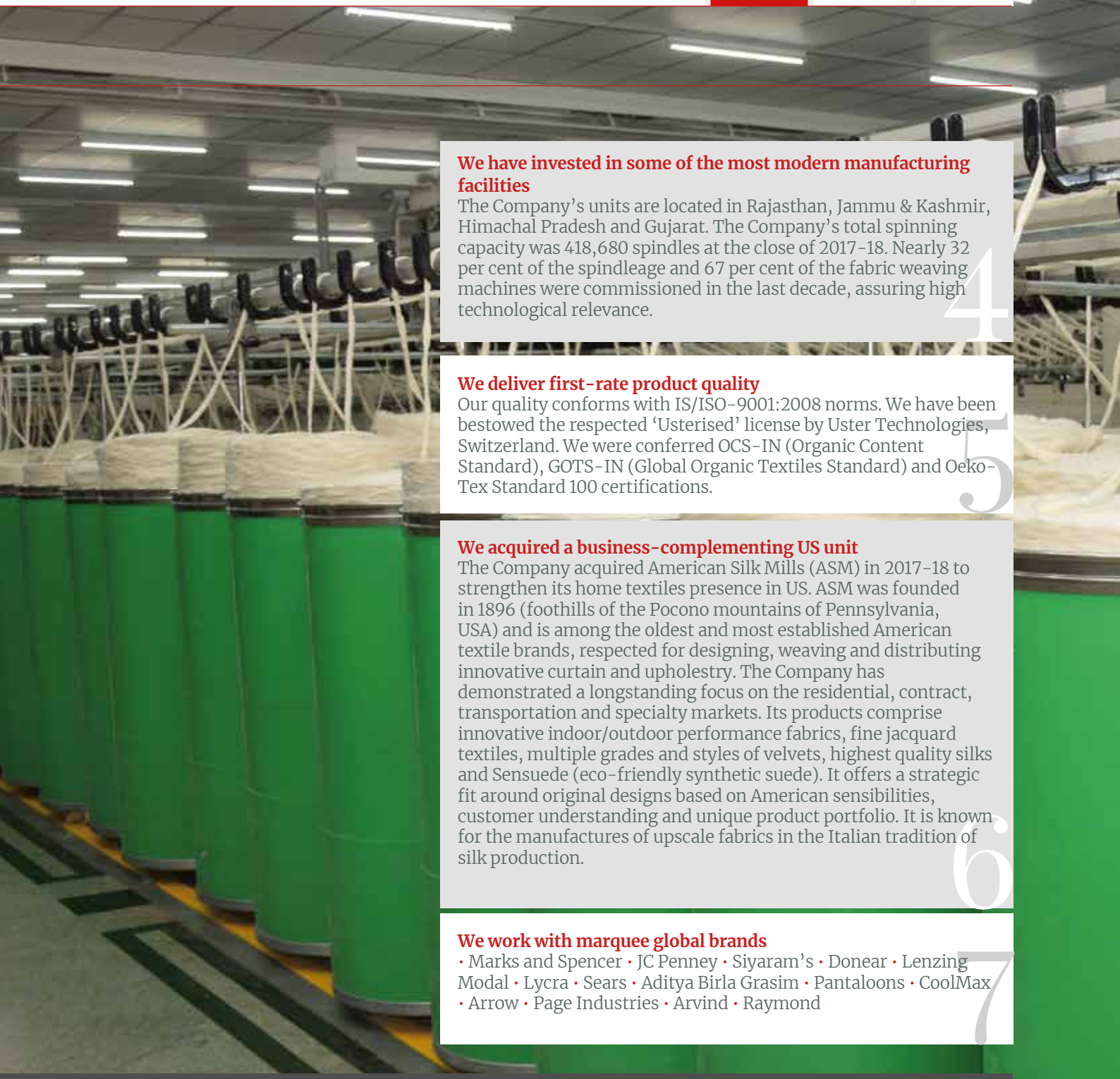
3 We provide the customer with a one-stop solution

The Company's production comprises dyed synthetic and blended yarns, cotton mélange as well as cotton blended mélange and dyed yarns, yarn from speciality fibres (modal, tencel, bamboo, coolmax, fancy yarns like siro spun, siro compact, lycra twisted, core spun, double core yarn, etc.), in single ply, double ply and multifold. The result a one-stop solution for all spun dyed yarns from natural or manmade fibres across any blend / shade (count range 8s- 50s).

8 Our manufacturing capacities

Bhawanimandi, Rajasthan

- 35,280 spindles (cotton mélange)
- 91,584 spindles (man-made fibre)



We have invested in some of the most modern manufacturing facilities

The Company's units are located in Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat. The Company's total spinning capacity was 418,680 spindles at the close of 2017-18. Nearly 32 per cent of the spindleage and 67 per cent of the fabric weaving machines were commissioned in the last decade, assuring high technological relevance.

4

We deliver first-rate product quality

Our quality conforms with IS/ISO-9001:2008 norms. We have been bestowed the respected 'Usterised' license by Uster Technologies, Switzerland. We were conferred OCS-IN (Organic Content Standard), GOTS-IN (Global Organic Textiles Standard) and Oeko-Tex Standard 100 certifications.

5

We acquired a business-complementing US unit

The Company acquired American Silk Mills (ASM) in 2017-18 to strengthen its home textiles presence in US. ASM was founded in 1896 (foothills of the Pocono mountains of Pennsylvania, USA) and is among the oldest and most established American textile brands, respected for designing, weaving and distributing innovative curtain and upholstery. The Company has demonstrated a longstanding focus on the residential, contract, transportation and specialty markets. Its products comprise innovative indoor/outdoor performance fabrics, fine jacquard textiles, multiple grades and styles of velvets, highest quality silks and Sensuede (eco-friendly synthetic suede). It offers a strategic fit around original designs based on American sensibilities, customer understanding and unique product portfolio. It is known for the manufactures of upscale fabrics in the Italian tradition of silk production.

6

We work with marquee global brands

· Marks and Spencer · JC Penney · Siyaram's · Donear · Lenzing Modal · Lycra · Sears · Aditya Birla Grasim · Pantaloons · CoolMax · Arrow · Page Industries · Arvind · Raymond

7

Daheli, Gujarat

- 9.6 million metres per annum (126 looms, Dobby 42 single width, state-of-the-art Jacquard)

Kathua, J&K

- 110,928 spindles (cotton mélange)
- 97,512 spindles (man-made fibre)

Baddi, HP

- 13,418 spindles (PC mélange)
- 69,958 spindles (man-made fibre)

Sutlej Textiles and Industries Limited.

Capable. Profitable. Sustainable.

Engaged in the manufacture of specialised yarns and home textiles.

Reinforced its respect in a challenging sectoral slowdown in 2017-18.

Through capacity enhancement, cost reduction, niche positioning, robust product pipeline and enduring customer relationships.

Vision
We have set our sights on emerging as a front-runner in the realm of global textiles by providing end to- end solutions– from yarns to home textiles. We aim to create maximum value for our customers so as to emerge as their partners-of-choice.

Mission
We believe in challenging our limits and overcoming them. We also believe that as time changes, one must evolve one's thinking.

At a time of sectoral slowdown it would be usual to freeze investments.

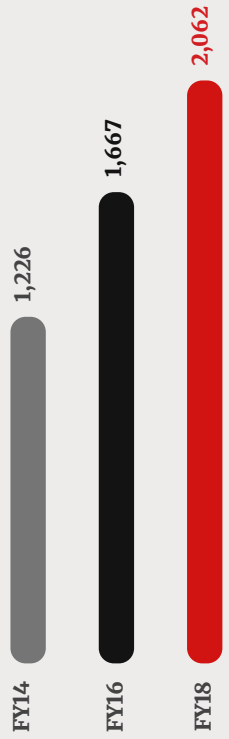
At Sutlej, we are doing what we have always done – invest selectively during downturns.

We commissioned a spindle capacity expansion in FY18.

We invested in technology up-gradation and debottlenecking to enhance efficiency and plant utilization.

We announced the intention to commission a recycled PSF plant in 2019-20.

Investments in gross block (₹ cr)



Investments increased 68% from FY14 to FY18

Sutlej Textiles. **At a glance....**

Our capacities (Standalone)

418,680
Total capacity; spindles

9.6 million metres
Total capacity home textiles

Our results (Standalone)

2,488 (₹ Crore)
Total revenue

281 (₹ Crore)
EBIDTA

Our foresight

1,745 (₹ crore)
Cumulative investment in gross block (FY2005-18)

263,224
Spindle addition (FY2005-18)

Our Balance Sheet strength

5.79%
Average cost of borrowings, FY18

12.48%
Return on equity FY18

1.15
Gearing,
31 March 2018

890 ₹ cr
Reserve and surplus,
31 March 2018

Growth in numbers (Standalone)

Revenue growth

8.88%

₹2,488 crore in 2017-18 | ₹2,285 crore in 2016-17

Debt-equity ratio strengthening

0.12

1.15:1 in 2017-18 | 1.27:1 in 2016-17

Our key numbers (Standalone)

Net profit

113 (₹ crore)

₹158 crore in 2016-17

EPS 2017-18

6.91 (₹)

₹9.64 in 2016-17

ROCE 2017-18

16.51%

17.23% in 2016-17

16.51%
ROCE, 2017-18

5.46 (x)
Interest cover, 2017-18

The result of this contrarian Sutlej spirit is that the Company expects to protect its competitiveness, respect and liquidity in a challenging sectoral slowdown