

SURYALAKSHMI & COTTON MILLS LTD

SURYALAKSHMI

February 2, 2016 (AN IS/ISO 9001 : 2008 & ISO 14001 : 2004 CERTIFIED COMPANY)

To,

National Stock Exchange of India Limited,
"Exchange Plaza",
Bandra-Kurla Complex,
Bandra (East),
MUMBAI - 400 051.

Dear Sir,

Ref.: SURYALAXMI

Reg.: INVESTOR PRESENTATION.

Please find enclosed the investor updates for the information to the shareholders.

This is for your information and records.

Thanking you,

Yours faithfully,
for **SURYALAKSHMI COTTON MILLS LIMITED**


E.V.S.V.SARMA
COMPANY SECRETARY



GOVERNMENT RECOGNISED EXPORT HOUSE

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Suryalakshmi Cotton Mills Limited

Suryalakshmi
Cotton Mills Ltd.

2015-16 3rd Quarter Results

Hyderabad, 2nd Feb., 2016



Suryalakshmi Cotton Mills Limited

Safe Harbor Statement

Materials and information provided in this presentation may contain ‘forward-looking statements’. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements.

Risks and uncertainties include general industry and market conditions, and general domestic & international economic conditions such as interest rate and currency exchange fluctuations. Risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited, to technological advances and patents attained by competitors, challenges inherent in new product development, including completion of product trials; claims and concerns about product safety and efficacy; obtaining regulatory approvals; domestic and foreign apparel industry reforms; industry trends, and governmental laws and regulations affecting domestic and foreign operations.

Also, for products that are approved, there are manufacturing and marketing risks and uncertainties, which include, but are not limited, to inability to build production capacity to meet demand, unavailability of raw materials, and failure to gain market acceptance.

The Company undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

2015-16 Q3 highlights

Robust financial performance in 3rd quarter of Financial Year 2015-16

- Net Revenue of INR 183 crores (up by 2.9%)
- EBIDTA at INR 27 crs. (up by 18.5%)
- PBT of INR 10 crs. (up by 45.8%)
- Net Profit and EPS of INR 7 crs. and INR 4.21 respectively (up by 43.1 %)

Climbing the Denim value chain

- Export and deemed exports now contribute 29% to company's Denim sales
- Introduced nearly 50 Denim fabric variants in last 3 months with a combination of new dyeing, fiber and processing technologies
- Added new marquee clients in the international market in the 3rd quarter
- Per meter price realization of Denim fabric increased from INR 136 to INR 149

Future on continuous growth and profitable path

- Increased turnover and profits from the new Amravati plant and from Power division
- Latest textile technology installed and Major CAPEX completed
- Cotton crop estimates revised lower to 35.7 mn. bales resulting in firming of raw Cotton prices
- Stabilising Crude oil prices resulting in lower costs of another raw material i.e. Synthetic yarns

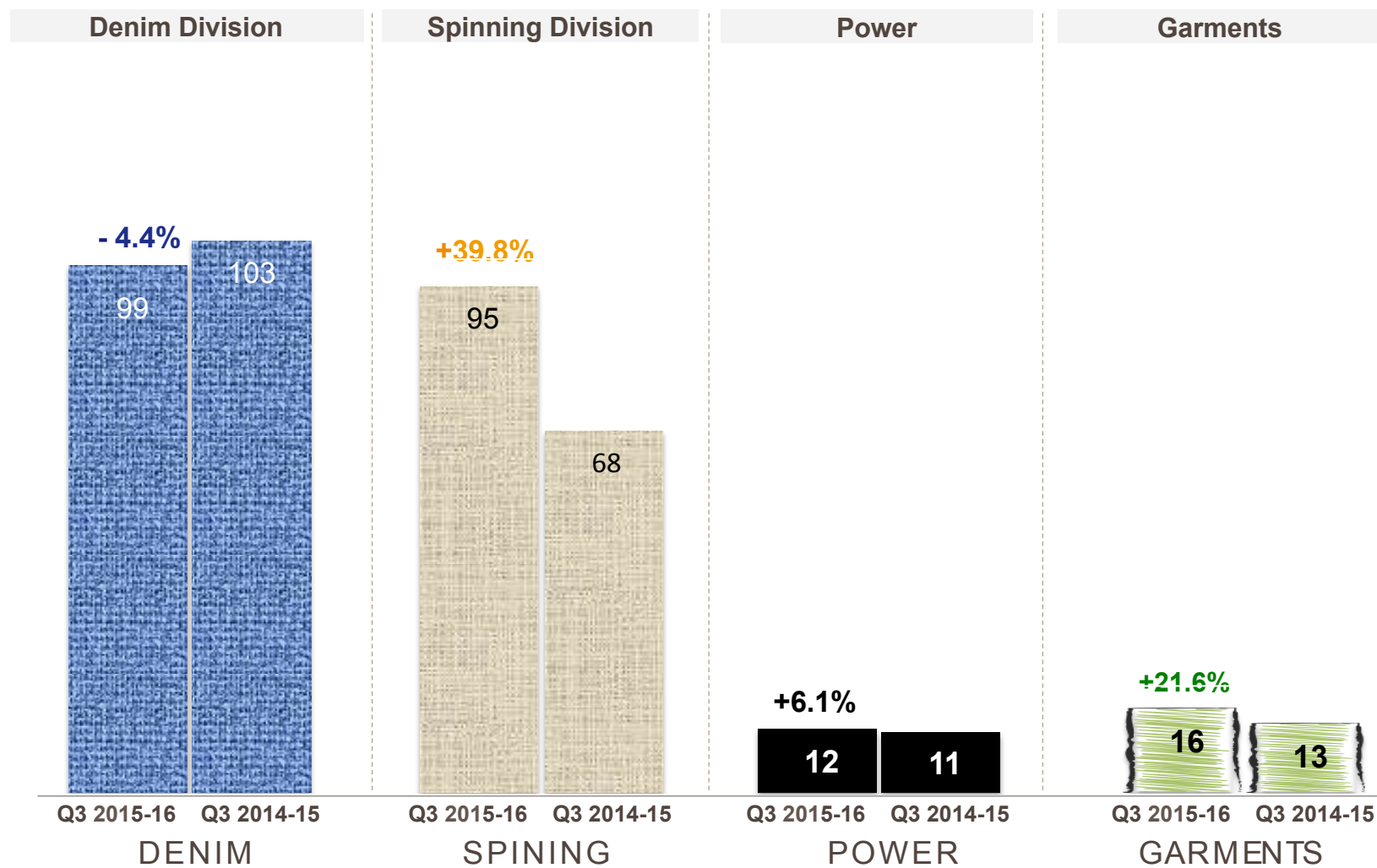
3rd Qtr. 2015-16 financial performance summary

- EBITDA margins increase by 197 bps from 13.0% to 14.9%
- Increase in margins on account of lower costs of Raw material and backward integration into value-added and fancy yarns
- Strong growth in Spinning and Power divisions leading the Company's profits in Q3
- Interest costs increased on account of loans drawn for Amravati unit

₹ 27.4 crs	₹ 10.1 crs	₹ 7.0 crs
EBITDA up 18.5 %	Profit Before Tax up 45.8 %	Profit After Tax up 43.1%
14.9%	5.5%	3.8%
EBITDA margin up by 197 bps	PBT margin up by 162 bps	Net Profit margin up by 108 bps

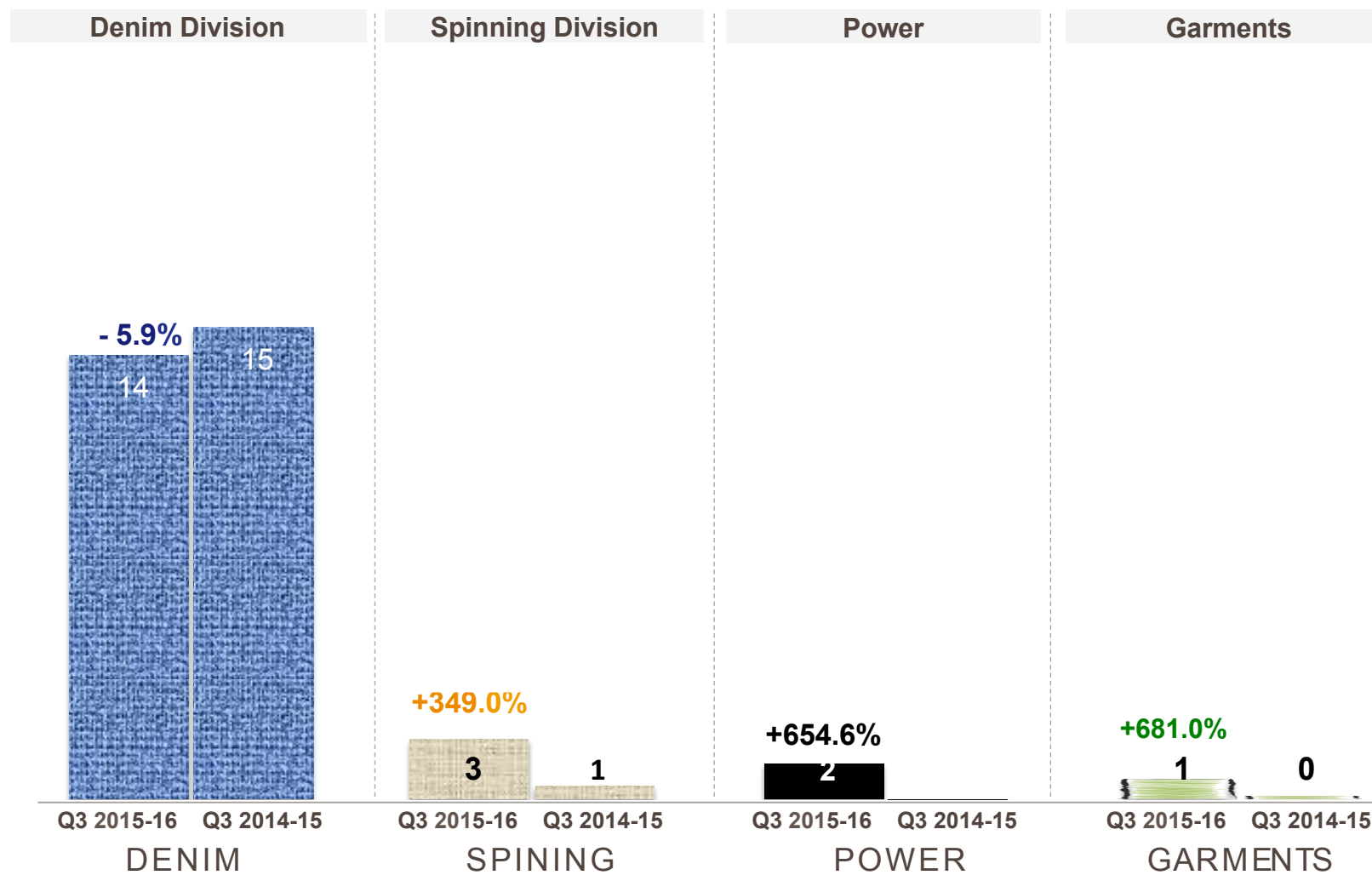
Segment-wise Sales – Q3 FY 16

Figs. in INR Crs.



Segment-wise EBIT – Q3 FY 16

Figs. in INR Crs.



Financials Snapshot – Income Statement Q3 FY16

Figs. in INR Crs.

Particulars	Q3 FY2016	Q3 FY2015	Change %	9 months FY16	9 months FY15	Change %	12 months FY15
Net Income	183.16	178.01	2.9%	550.88	545.17	1.0%	714.34
EBIDTA	27.36	23.09	18.5%	79.03	72.71	8.7%	83.90
Interest	9.01	8.15	10.6%	25.05	25.81	-3.0%	33.67
Depreciation	8.28	8.03	3.1%	22.85	23.81	-4.0%	31.80
Profit before TAX	10.07	6.91	45.8%	30.17	23.09	30.7%	18.31
Tax	3.05	2.00	52.6%	9.25	6.39	44.8%	6.14
Profit after Tax	7.02	4.91	43.1%	20.92	16.70	25.3%	12.17
EBIDTA margin %	14.9%	13.0%	2.0%	14.3%	13.3%	7.6%	11.7%
PBT margin %	5.5%	3.9%	1.6%	5.5%	4.2%	29.3%	2.6%
PAT margin %	3.8%	2.8%	1.1%	3.8%	3.1%	24.0%	1.7%

Strategic Developments and Operating Highlights

- Achieved capacity utilisation of 95 % in Q3 FY16 for all the capacities
- Commercial production commenced at Amravati Plant and it's currently running at 90% capacity utilisation levels. Production of new range of yarns viz. Core Spun (Lycra), Compact, Double, Slub, etc. has started. In the 3rd qtr. about 70% of this units' production was utilised in-house in the Denim fabric division
- Ramtek Denim facility received re-certification for 'Quality Management Systems' (ISO 9001-2008) and for 'Environment Management Systems' (ISO 14001) in the 3rd quarter
- Company launched new range of '**Modal**' yarns. It's a light weight premium yarn having very soft, shiny nature with Silky feel. The clothes made from Modal yarn posses enhanced Thermal conductivity
- Company launched a new value-added **Peach Denim** (Velvet touch) fabric in the last quarter and has received orders of more than 2.5 lac. Mtrs. for this variety
- In the last quarter company introduced '**Overdyed**' denim fabric in the market. Overdyeing is a process wherein the Denim fabric is dyed for a second time to add different overtones to the original Indigo in Denim. The fabric has received a tremendous response from the market
- SLCML manufactured garments are now available at leading fashion stores like Levis, Only, LEE, Pepe, Lifesyle, Peter England, JC Penny, General Sportswear, Vero Moda, etc.

Macro & Micro scenario

- We are witnessing growth pick-up in US and European markets along with new and bigger opportunities in Indian market. Although China and falling commodity prices continue to remain a challenge.
- Company's positioned for this challenges and it's growth is supported by selective value and volume growth mostly in higher margin segments

Cotton

- Indian Kharif crop estimates have been revised downwards to 35.7 mn. bales instead of earlier forecast of 40 mn., this has led to firming up of raw cotton prices

Yarns

- Low crude oil prices has resulted in lower raw material prices
- Prices now seem to be stabilising and forming a bottom
- Demand and margins are likely to increase going forward

Fancy Yarns

- Latest technology and our expertise in yarns have resulted in new and value-added products from the Amravati unit
- The new unit will meet almost 50% fancy yarn requirement of Denim division thereby reducing dependence and costs

Garments

- Original Denim Manufacturers to world's leading brands
- Major brands picking Indian manufacturers over Chinese and neighboring countries.
- Added new customers – Vero Moda, Lifestyle, Only, etc.

Product Development & Marketing

- Introduced new Denim fabrics
 - Overdyed, Peach, Plush, Dobby and Modal
- 'Hyper-Flex' denim with high stretch and good fabric recovery properties has been developed and launched in the market
- Ventured in new markets of South America, Guatemala, Madagascar and UK
- Added new members in the product development team with expertise in Dyeing and Finishing of fabric / garments

Our priorities for Q4 – FY15-16

Achieve 90-95% capacity utilisation at Amravati plant

- focused efforts to bring the new unit's utilisation levels at par with our existing plants

Export Focus

- Achieve 50-60% sales in export and deemed export market

Increase per unit realisation of Denim fabrics and garments

- focus on latest trends and value-added products for fashion conscious generation

Deliver new products from Denim fabric and Spinning divisions

- constant innovations and new product pipe-line for the fast fashion industry

Continuous improvement

- in health, safety, sustainability and corporate governance

Fall / Winter 2016

BEYOND THE INDIGO

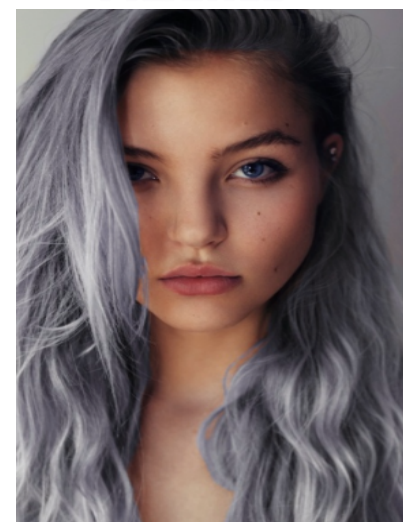


- ALLOYS DENIM
- NEW APPLICATION ON SURFACE
- COMBINATION OF TECHNOLOGIES
- COMBINATION OF COLORS
- CROMATIC EFFECT
- PURPLE AND RED
- YELLOW
- CONTAMINATION
- DEEP AND DARK INDIGO

THE GREY SIDE OF DENIM



- GREY IS THE NEW BLACK
- WIDE SHADES OF GREY
- MIXTURE OF GREY AND BLUE-SMOKE COLOR



- COATED AND OVERDYED
- ACHROMATIC
- BEST NON-COLOR EFFECT



Spring / Summer 2017

BLUE ALCHEMY



- Bright Light Blue **SORRENTO**
- Bright Dark blue **RED INDIGO**
- Light Pure Indigo **CAPRI**
- **MAXCO** Finishing
- New Finishing **SUAVE & PLUSH**



MONCROMATICE



- All White**ECRU**
- All blue **Indigos**
- All Black.....**Taxedo**
- All Grey.....**Smoke**
- Organic Cotton
- Recycled Polyester

THANK YOU

For more information, please contact –

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