

Suryalakshmi Cotton's turnover at Rs.145 crores and PAT at Rs.0.18 crores

Muted consumer sentiment and spending to pick up in the next few quarters bringing back growth led performance for the company

- The company's performance suffered heavily due to severe fall in 'in store' sales of its retail brand customers as an after effect of demonetization
- Due to contraction of retail demand and consumer sentiment plummeting, demand across brands slowed down significantly
- However, the company is seized of the situation and correction efforts will be visible in the immediate quarters ahead.
- All major denim brands both in India and globally continue their long-term customer relationship with the company

Feb.16, 2017 | Mumbai: Suryalakshmi Cotton Limited, India's 3rd largest denim producer and one of India's leading players in premium denim, today announced its unaudited Q3 results for Financial Year 2016-17.

Financials:

Particulars	(Rs. crore)	
	Sales in Q3 17	Sales in Q3 16
Income from operations	145.00	183.00
EBIDTA	16.91	27.36
PAT	0.18	7.02

The company recorded an Income from Operations of Rs.145 crore as compared to Rs. 183crore in the corresponding period of the previous year. Profit after Tax was at Rs. 0.18 crore, from Rs. 7.00crore in the same period of the previous year. EBIDTA margins decreased by 38% to Rs.16.91 crore from Rs.27.36 crore in the same period of the previous year.

The company's operations and sales suffered heavily due to the aftermath of the demonetization as consumer demand almost came to a standstill at retail level. This led to reduction in demand from our domestic customers and a large inventory backlog thereby choking our entire operational efficiency. However, exports orders were as per usual demand.

Management Speak

Mr. Paritosh Agarwal, Managing Director said, "Our performance in this quarter has been adversely impacted due to the immediate effects of demonetization. With consumer demand contracting severely & suddenly and raw material prices going up, we were impacted both from increased costs and reduced profitability. However, we are working strategically to recover the situation and the next two quarters will see us getting back to our normal performance levels.



We believe that in the long run demonetization is good step for our country and denim industry will benefit in the long term. I congratulate our PM Shri Narendra Modiji on his efforts to clean up the economy. We believe the pain that all of us have gone through is temporary and will get compensated in the long run.”

Operational Update

In Q3, due to reduction of domestic demand, capacity utilization was at 85% from the previous figure of 97%. This helped in containing the inventory backlog. Raw material prices increase hit profitability as consumer sentiment was not positive, the increase could not be passed on to buyers. However, robust international demand helped in maintaining sales.

Most of our customers – large domestic brands have reported demand starting to pick up at a retail level. Coupled with strong international sales demand, the next few quarters will help the company in getting back to operational efficiency to normal levels. The company is working overtime to correct the current quarter’s performance and overcoming the effects in the long term.

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About Suryalakshmi Cotton Limited (www.suryalakshmi.com)

Suryalakshmi Cotton is one of India’s leading integrated premium yarn-to-denim-to - garment manufacturing company with over five decades of market leadership. Since the past two decades, it has become the Original Denim Manufacturer (ODM) to leading global and domestic brands with a dominant market share in the premium denim sector. With cutting-edge design, latest spinning technology and end-to-end manufacturing plants, we create the finest yarn, premium denim and garments for leading private labels, fashion brands and retail chains in **31 countries** across the globe.

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