



Suryalakshmi Cotton Mills Limited

WINNING TOGETHER

An Integrated Denim Manufacturer Partner to Global & Indian Brands

Yarn



Fabric



Garments



BSE
521200

Bloomberg
SLCM:IN

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SURYALAXMI



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An Integrated ODM Partner to Global & Indian Brands

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NSE
NATIONAL STOCK EXCHANGE
SURYALAXMI

SAFE HARBOUR

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.



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COMPANY OVERVIEW



Suryalakshmi Cotton Mills Limited



VERTICALLY INTEGRATED ODM*

INDIA'S PREMIER ODM
among the
TOP 5 PLAYERS

Estd. in 1962 by
Shri L N AGARWAL
to manufacture cotton
yarn

INTEGRATED PLAYER
across the
DENIM VALUE CHAIN

Led by
Shri L N AGARWAL
(Chairman)
**Shri PARITOSH
AGARWAL**
(Managing Director)

**LONG-TERM
RELATIONSHIPS**
with **GLOBAL & INDIAN
BRANDS**

Headquartered in
SECUNDERABAD
(Telangana)
Spinning units : Amravati, Maharashtra
Amanagallu, Telangana
Fabric mfg.: Ramtek, Maharashtra
Power unit: Ramtek, Maharashtra
Garment mfg.: Hyderabad, Telangana

* ORIGINAL DENIM MANUFACTURER

VERTICALLY INTEGRATED MANUFACTURING

1

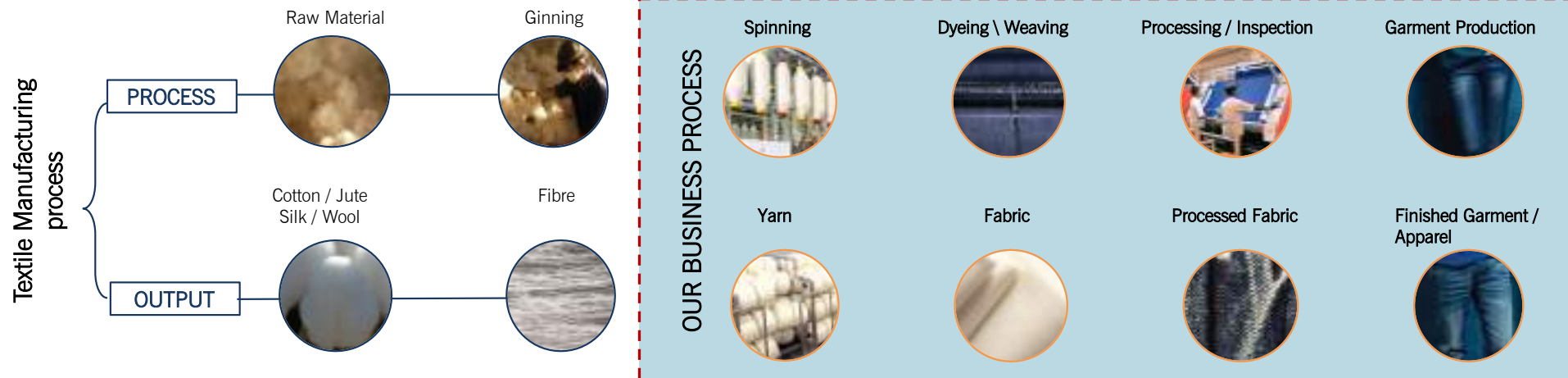
Integration to rise up the value chain

2

Controlling all aspects of manufacturing from yarn to finished garments

3

Reverse engineering for product enhancement



STRONG PILLARS OF GROWTH

ALIGNING WITH BRANDS

- ODM to key denim brands
- Partnering across denim yarn + cloth + garments
- Riding India's consumption story & supplying to international denim players

VERTICAL INTEGRATION

- Integration across the entire value chain
- Deriving quality and efficiencies from integrated operations
- Smart product mix driving higher per unit economics

R&D-led PREMIUM DENIMS

- New R&D-led launches to ensure higher premium – smart denims
- R&D focus on key areas of comfort wear, lightweight wear and value addition
- Close collaboration with merchandising teams of brands

CHARTING STRATEGIC GROWTH ALIGNED WITH MARKET DEMANDS

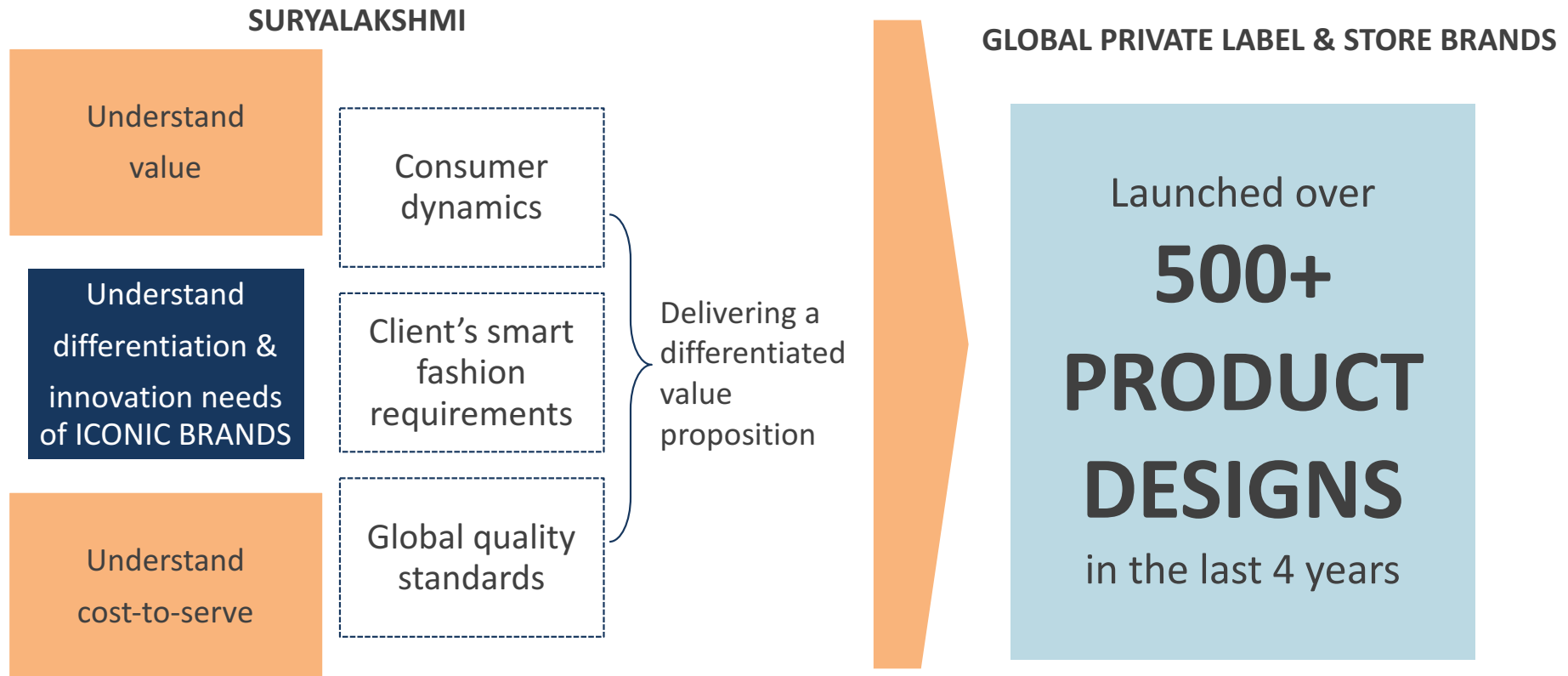
Rising up the value chain through backward & forward integration



Year	Milestone	Focus	Turnover in Cr.
2016	<ul style="list-style-type: none"> Established Fancy yarn manufacturing unit with a capacity of 25,000 spindles at Amravati, Maharashtra 	Backward and Forward Integration in Denim Manufacturing	760
2013	<ul style="list-style-type: none"> Captive power plant setup in Ramtek, Maharashtra Catering to the captive requirements of the Company's denim division after meeting auxiliary requirements 		705
2010	<ul style="list-style-type: none"> Spinning Capacity increased to 61,008 spindles 		224
2006	<ul style="list-style-type: none"> Forayed into new geographies – Israel, Tunisia, Russia, Columbia etc. Set up Denim garment manufacturing unit with capacity of 5,000 pieces/ day Denim plant Capacity expanded to 40 million meters p.a. 	Denim Fabric Manufacturing	246
2005	<ul style="list-style-type: none"> Denim plant capacity expanded to 30 million meters Demerger of company's Mahabubnagar unit and dyeing plant Post demerger, Spinning Capacity increased to 48,000 spindles by adding 25,000 spindles at Amanagallu, Andhra Pradesh 		118
1998	<ul style="list-style-type: none"> Denim plant capacity expanded to 20 million meters p.a. 		111
1997	<ul style="list-style-type: none"> Diversified into denim manufacturing with a capacity of 10 million meters p.a. Set up First phase of denim project at Ramtek, Maharashtra 	Fibre Production	
1987	<ul style="list-style-type: none"> A 100% export-oriented spinning mill set up at Andhra Pradesh The company exported its products to highly quality-conscious markets like Spain and Belgium and established its presence in Bangladesh and Korea 		
1970	<ul style="list-style-type: none"> Diversification into polyester manufacturing 		
1962	<ul style="list-style-type: none"> SCML established to manufacture world-class cotton and blended yarn with a capacity of 6,000 spindles 		

A BUSINESS ALIGNED WITH BRANDS

Partnering **Top 20 global fashion and retail brands** as a private label outsourced manufacturing partner



PRODUCT INTELLIGENCE & R&D STRENGTH

INVESTMENTS IN R&D & PRODUCT INTELLIGENCE

- Collaboration with denim fashion designers from Europe to cater rapidly changing fashion requirements

Better comprehension
of CUSTOMER
PREFERENCES
+
LATEST INDUSTRY
TRENDS



BETTER
CUSTOMER
EXPERIENCE

BEST IN CLASS QUALITY

- From yarns that comprise **5% of USTER** to garments with **AQL 1.5%** system, our quality is the hallmark of our brand.

< **5%** quality
rejections in
garments
in FY16

< **7%** quality
rejections in
fabrics in
FY16

REVENUE ENHANCEMENT + FISCAL PRUDENCE

- Healthy Y-o-Y growth on revenues and profits
- Healthy financial ratios including debt equity of 0.48
- EBITDA margins of 12.8%
- Strategic product mix for improved profitability

GROSS REVENUE

933 cr.

NET REVENUES

775 cr.

CAPITAL EMPLOYED

680 cr.

EBIDTA MARGIN

12.5%AVG. DENIM FABRIC
REALISATION (per meter)**INR 157**

DELIVERING ROBUST PERFORMANCE ACROSS

SPINNING

TOTAL NET SALES

387 cr.

SPINDLES CAPACITY

86,352

COUNTRIES OF EXPORT

4

CAPACITY UTILIZATION

91%

DENIM FABRIC

TOTAL NET SALES

423 cr.

CAPACITY P.A. IN MILLION MTR.

40

COUNTRIES OF EXPORT

24+

CAPACITY UTILIZATION

94%

GARMENTS

TOTAL NET SALES

65 cr.

CAPACITY PER DAY

5,000

COUNTRIES OF EXPORT

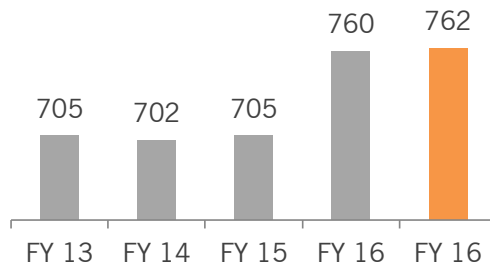
5

CAPACITY UTILIZATION

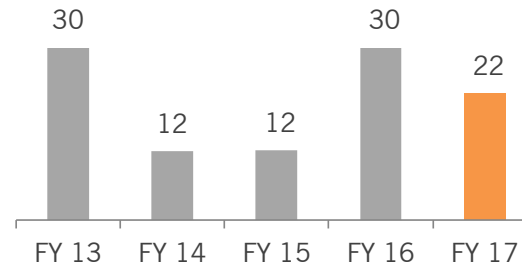
89%

ACHIEVING PROFITABLE GROWTH CONSISTENTLY

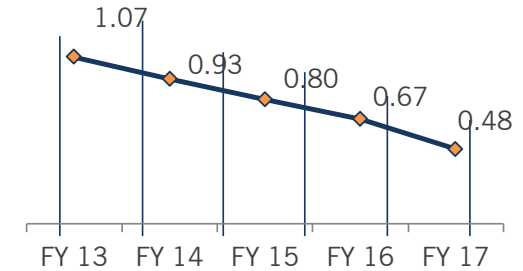
Sales Turnover (INR Crore)



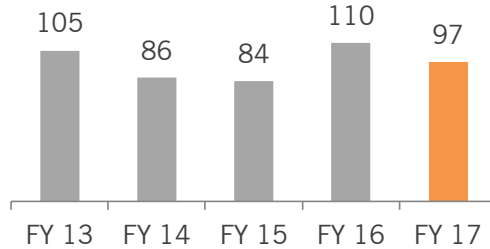
Net Profits (INR Crore)



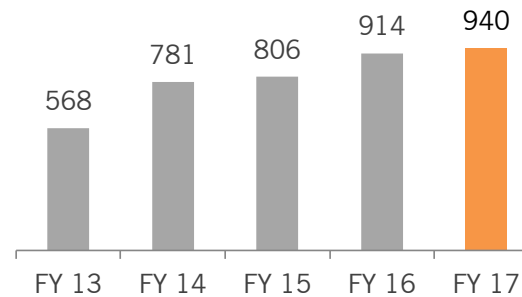
Debt Equity Ratio



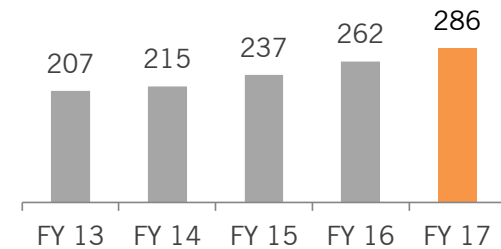
EBIDTA (INR Crore)



Gross Block (INR Crore)



Net Worth (INR Crore)



Dividend pay out in 36 yrs. out of 41 yrs. of our existence

STATE-OF-THE-ART MANUFACTURING

SPINNING + FABRIC MFG. + GARMENT MFG.

- Spinning units > cotton, polyester, fancy, synthetic & blended yarns

Amravati,
Maharashtra

25,344
spindles

Amanagallu,
Telangana

61,008
spindles

- Denim fabric mfg. at Ramtek, Maharashtra
- Garment manufacturing unit at Hyderabad

40 mn.
mts.
Denim
Fabric

5,000
Pcs./ day

CAPTIVE POWER PLANT

25 MW

Thermal power plant in Ramtek, Maharashtra

European
Technology

Best-in-class infrastructure

- Catering to the denim division after meeting auxiliary requirements
- Energy cost savings of 15-20%

Involved in serious CSR work in communities around our manufacturing plants

INDUSTRY OVERVIEW



Suryalakshmi Cotton Mills Limited



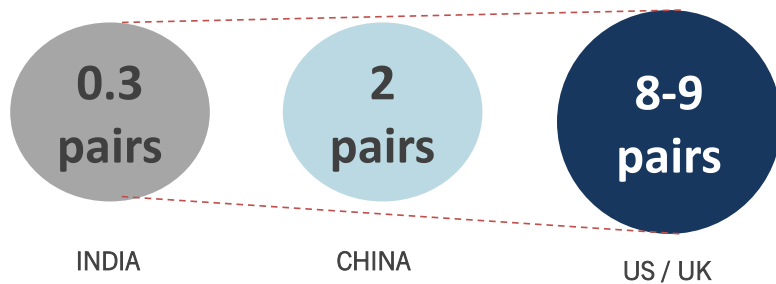
EVOLUTION OF DENIM IN INDIA

GROWING PREFERENCE OF DENIM AS WORKWEAR

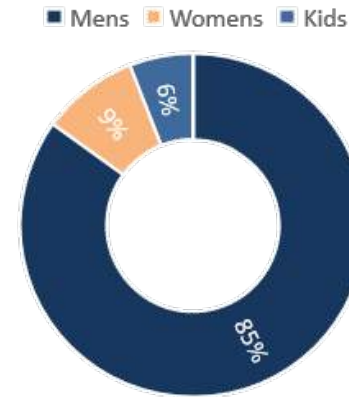


GROWTH OPPORTUNITY

Per capita consumption

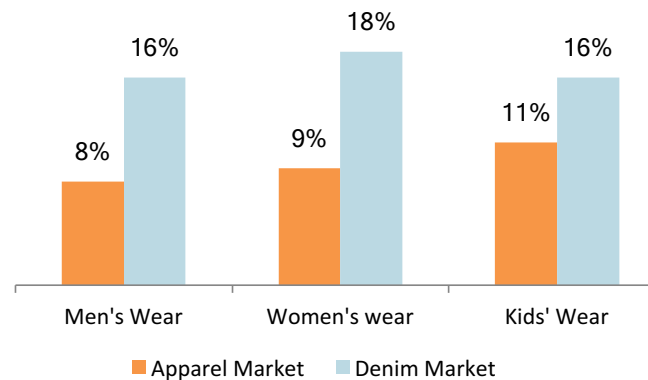


DENIM MARKET SPLIT



- Market skewed towards the men's segment
- Women's and kid's segments expected to witness very high growth rates

Domestic Apparel Market v/s Denim Market Estimated CAGR - (2011-2021)*



*Technopak Compendium Textile Apparel 17

DENIM ECONOMY – WITNESSING EXPLOSIVE GROWTH

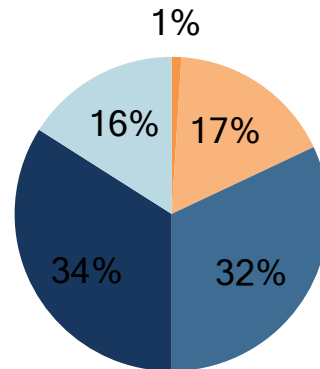
Global denim market
USD 55 BILLION

Pairs sold annually
1.9 BILLION

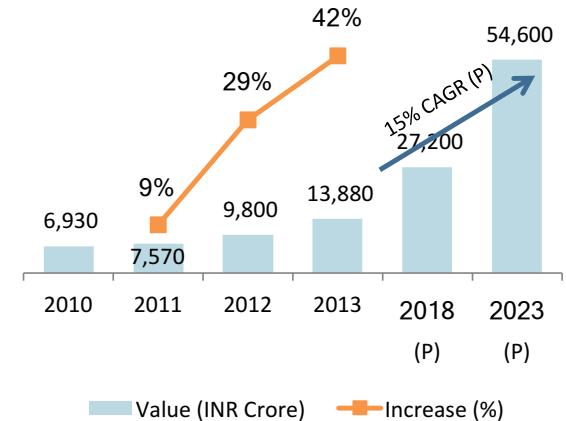
Denim appeal
YOUNG and AFFLUENT
in INDIA, CHINA &
DEVELOPING
COUNTRIES

Segment-wise sales of denim brands (as per value)

- Super Premium (> Rs. 3,500)
- Premium (Rs. 2,000 - Rs. 3,500)
- Medium (Rs. 1,000 - Rs. 2,000)
- Economy (Rs. 500 - Rs. 1,000)
- Low (> Rs. 500)



India Denim Market Overview#



- Indian Denim Market to witness a whopping 15% CAGR
- Premium players to garner a larger share of the growing pie

DENIM ECONOMY – GROWTH IN INDIA

1

Jeans category growing in India at a **CAGR of 15%** while the global market is growing at 3-5%

2

By 2023, India will be a **Rs. 54,600 crore** market*.

Indian market is perennially in discount mode – **MYTH** ✘

India has around **300 full price days**



US has only **155 full price days**

% of products sold at full prices is much higher in India – **65%**

DENIM ECONOMY – THE EXPORT OPPORTUNITY

Global denim market
USD 64 BILLION
 BY 2020

Indian manufacturing capacity
 p.a. to increase from
1.2 to 1.5 MTR.
BILLION BY 2020

Utilization rates
80-85%
 Domestic consumption to
 export ratio set of to change
 from
65:35 to 55:45



India – An emerging denim export hub

The key to the future

Need for technological integration

Quality + Technology +
 Affordability

Product Intelligence

Capacity build-up +
 manufacturing quality

DENIM ECONOMY – THE GROWTH DRIVERS

According to industry analysts, denim is the preferred segment in the Indian textile industry with potential to grow manifold

KEY DRIVERS

1

Mid-value segment driving high growth

2

Consumer preference for stretch-fit

3

Expansion of large manufacturers

4

Emergence of new, smaller and funky designers

5

Demand for enhanced product attributes



Fashion quotient



Stretch



Lightweight fabric



Styling



Detailing

OUR STRATEGY



Suryalakshmi Cotton Mills Limited



EXPANSION STRATEGY – 2V THEORY (Vol + Value)



Yarn Spinning

COMMISSIONED NEW SPINNING UNIT (25,344 spindles) at Amravati Textile Park, Maharashtra

- Value-added fancy yarns such as ring, eli twist, slub and compact
- State-of-the-art machines
- Yarn for internal consumption + domestic demand + exports
- Tax savings and subsidies both from Maharashtra and Central Government

Increased capacity focused on **HIGH VALUE** yarns to **86,352 spindles** from **61,008 spindles** in FY15-16



Denim Manufacturing

INCREASE DENIM FABRIC SALES through VALUE-ADDS + NEW PRODUCTS

- Tap huge customer base across key markets – same customers, premium products
- Strong network of associates for US & EU markets
- Opened a market consultancy for Europe

Plans to **increase capacity by 50%** from **40 million mtr.** to **60 million mtr.**



Denim Garments Manufacturing

AMALGAMATION with our 100% subsidiary Suryakiran Mills

- Utilize denim fabric from Suryalakshmi plants to make denim garments
- Improve overall margins & work with premium denim brands

Plan to enhance garment production to **15,000 pieces** from **5,000 pieces per day**

Focus on producing high-margin products and reducing share of low-margin ones.

EXPANSION STRATEGY – 2V THEORY (Vol + Value)

Changing Revenue Mix

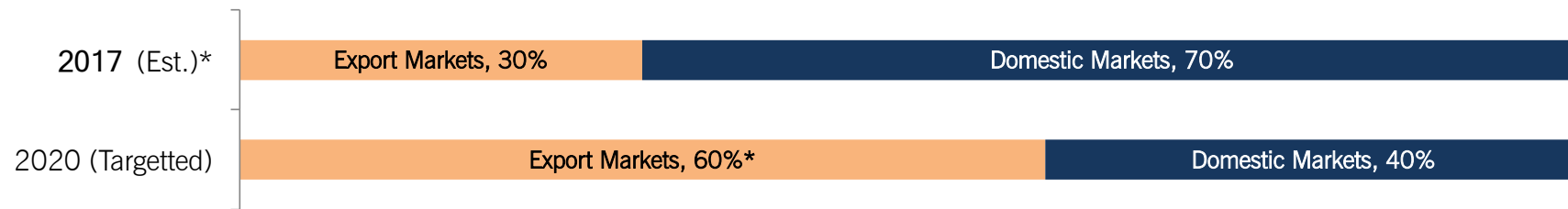


Investments in High Value Items

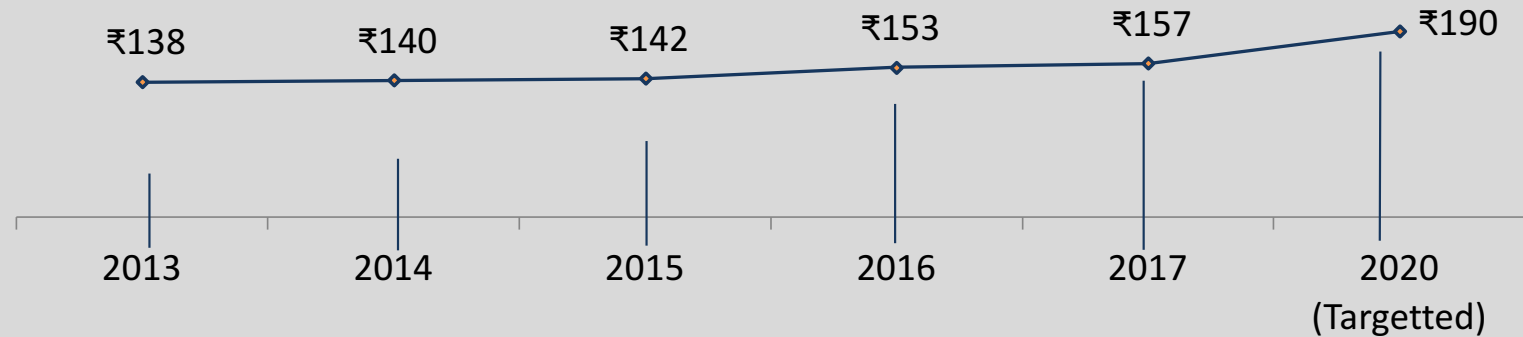


Capacities with High Value Margins

Increased Export Volumes – Changing Revenue Mix

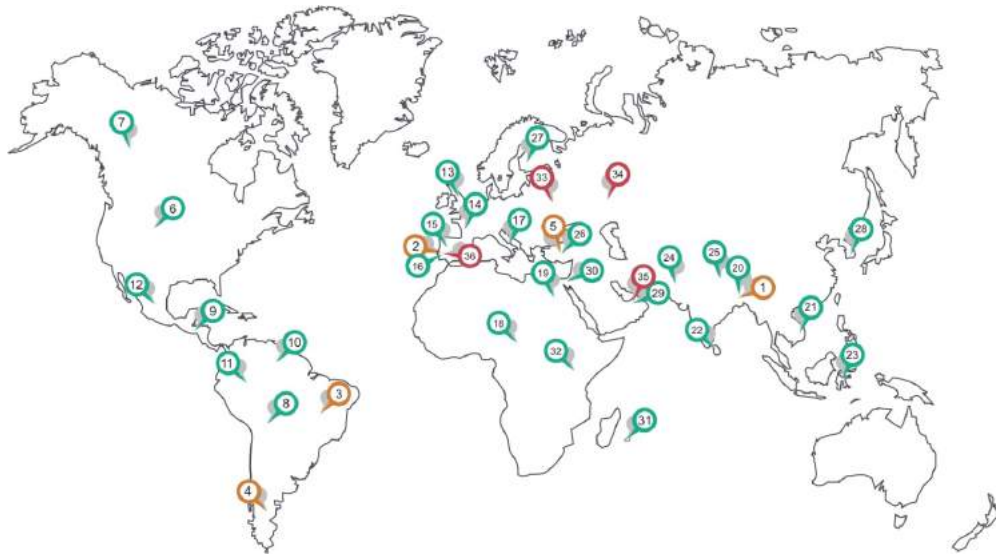


Increased Value - Sales Realization per Meter



* Direct and deemed exports

TOP 30 KEY EXPORT MARKETS



Yarn

- 1 Bangladesh
- 2 Portugal
- 3 Brazil
- 4 Argentina
- 5 Turkey



Denim

- 6 USA
- 7 Canada
- 8 Peru
- 9 Guatemala
- 10 Venezuela
- 11 Columbia
- 12 Mexico
- 13 UK
- 14 France
- 15 Spain
- 16 Portugal
- 17 Italy
- 18 Africa
- 19 Egypt
- 20 Bangladesh
- 21 Vietnam
- 22 Sri Lanka
- 23 Indonesia
- 24 Pakistan
- 25 Nepal
- 26 Turkey
- 27 Finland
- 28 South Korea
- 29 UAE
- 30 Jordan
- 31 Mauritius
- 32 Kenya



Garments

- 33 Germany
- 34 Austria
- 35 UAE
- 36 Portugal

LEVERAGING SYNERGIES

Approaching high-growth fashion markets with value-added products

MARKET-PRODUCT ALIGNMENT

Ensure optimum capacity utilization and enhanced margins

GLOBAL STANDARDS









State-of-the-art infrastructure + skilled workforce = global quality and environment standards

PARTNERING LEADING GLOBAL AND INDIAN BRANDS















Indian Retail Labels

- Aditya Birla 
- Peter England 
- Levis India 

Retail Chain - Brands

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> Lifestyle    | <ul style="list-style-type: none"> Pantaloons   | <ul style="list-style-type: none"> Trent    |
|---|--|---|

Global Brands

- | | |
|---|--|
| <ul style="list-style-type: none"> Levis  Wrangler  VF  DKNY  JC Penney  Wal-Mart  Jones  Giovanni Galli  | <ul style="list-style-type: none"> UFO  Perry Ellis  Next  Marks & Spencer  C&A  George  Burtons  |
|---|--|

CORPORATE INFORMATION



Suryalakshmi Cotton Mills Limited



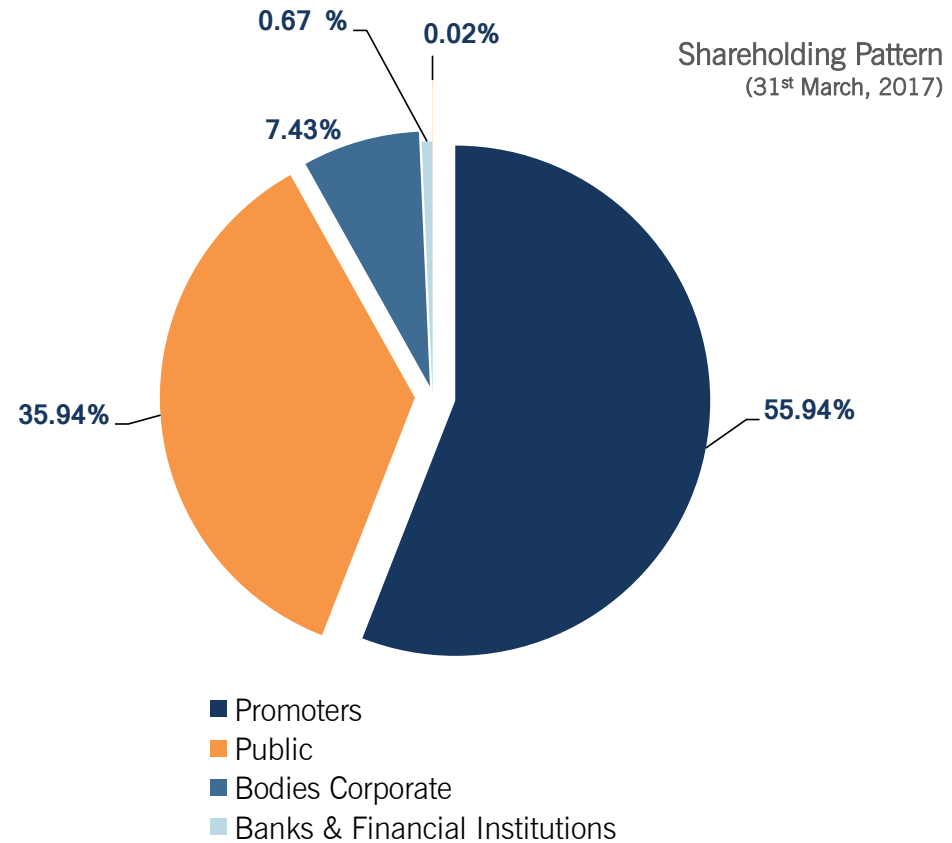
OUR PROMOTERS

Shri L N Agarwal

Chairperson
Established SCML in 1962

Shri Paritosh Agarwal

Managing Director
Joined SCML in 1995
Graduate from University
of Nagpur



COMPANY FINANCIALS

In INR Crs.

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total Revenue (INR Cr)	678	714	718	714	773	775
Total Costs (INR Cr)	586	609	632	630	663	678
EBIDTA (INR Cr)	92	105	86	84	111	97
EBIDTA margin (%)	13.60%	14.70%	12.00%	11.70%	14.30%	12.50%
Depreciation (INR Cr)	24.57	29.1	32.09	31.8	31.32	31.57
Interest (INR Cr)	29.81	33.48	36.94	33.67	34.31	35.03
PBT (INR Cr)	38.11	42.44	16.9	18.31	44.44	30.30
PBT margin (%)	5.62%	5.94%	2.37%	2.56%	5.85%	3.91%
Tax (INR Cr)	9.8	12.07	5.18	6.14	14.39	10.55
PAT (INR Cr)	28.31	30.37	11.71	12.16	30.05	21.87
PAT margin (%)	4.17%	4.26%	1.63%	1.70%	3.89%	2.82%

COMPANY FINANCIALS

In INR Crs.

Division	Sales	EBIDTA	EBIDTA %	PBT	PBT %
2012-13					
Denim	419	76	18.1%	39	9.3%
Spinning	296	32	10.8%	14	4.7%
Power	20	-3		-11	
2013-14					
Denim	376	53	14.1%	20	5.3%
Spinning	303	25	8.2%	7	2.3%
Power	42	5	11.9%	-10	
Garments	49	3	6.1%	0	0.6%
2014-15					
Denim	399	51	12.8%	21	5.3%
Spinning	278	22	7.9%	3	1.1%
Power	38	4	10.5%	-9	
Garments	59	7	11.9%	3	5.1%
2015-16					
Denim	440	71	16.1%	42	9.5%
Spinning	314	22	6.9%	-1	
Power	48	10	21.3%	0	
Garments	68	7	10.9%	4	6.1%
2016-17					
Denim	436	58	13.2%	28	6.4%
Spinning	388	27	6.9%	4	0.9%
Power	43	8	19.0%	-1	
Garments	66	6	9.6%	2	2.4%

MANUFACTURING RESPONSIBLY – SAFETY BEFORE PROFITABILITY

Stringent control procedures for health and safety

Near-zero accidents & environment incidents

Human rights protection policies at par with global standards

No child labour

Environmental & sustainability compliance

Best-in-class quality assurance

EMPLOYEE STRENGTH

3,600

AVG. EMPLOYEE AGE

32 years

Certifications & Qualifications



Supplier Ethical Data Exchange (SEDEX)



Sedex Members Ethical Trade Audit (SMETA)



Business Social Compliance Initiative (BSCI)



ISO 14001:2004 Certification



ISO 9001:2008 Certification



OEKO-TEX® Standard 100 Certification

HEALTH, SAFETY & ENVIRONMENT

1 HEALTH & SAFETY

Mid-value segment driving high growth

2 NEAR-ZERO INCIDENTS

Safer workplace with near-zero safety and environment incidents

3 EMPLOYEE WELLBEING

Transport facility for all employees

4 HIGH EFFICIENCY

Efficient processes for better productivity

5 COMMUNITY DEVELOPMENT

Holistic community development initiatives for sustainability

6 WOMEN FRIENDLY

Free hostel facilities for female employees



Suryalakshmi Cotton Mills Limited

Corporate Office:

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Village Nagardhan,

Tehsil Ramtek,

Nagpur – 440 010

Maharashtra, India.

investors@suryalakshmi.com

www.suryalakshmi.com

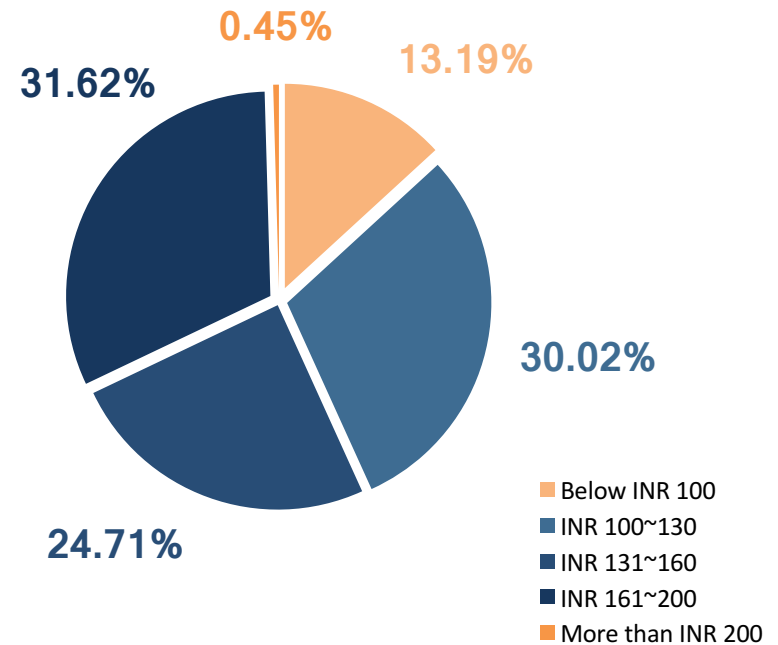


THANK YOU

COMPETITION ANALYSIS

Indian Peers	Installed Manufacturing Capacity (mmpa) [#]	Installed Capacity Utilization*	Market Share in Indian Denim Fabric Market (Estimates) #	Average Price Realization Per meter **
Arvind	110	100%	13%	INR 182
Aarvee	85	70%	9%	INR 120-125
Nandan Denim	110	82%	10%	INR 135
SCML	40	95%	4%	INR 153

JEANS FABRIC PRICE RANGE^{##} (SALES IN %)



[#]Crisil Independent Equity Research & Industry Research

^{*}Money Control & Industry Research

^{##}April 2014 – Dec. 2014

^{**} Company Reports and Market Research

COMPETITION ANALYSIS

Countries	Capacity (Mtrs)	Share in World Exports Trade*	Labour Cost (US \$ / month)	Power Cost (US \$ / kwh)	Water Cost US cents / m3	Fiber Availability
China	3 billion	29%	250-275	0.15-0.16	57	Importer
Vietnam	300 million	4%	180	0.08	50-80	Importer
Bangladesh	330 million	10%	100	0.09-0.12	20.50	Importer
India	1.2 billion	5%	140-160	0.10-0.12	18	Exporter

Advantage India

- Raw material availability
- Skilled manpower
- Low cost of production
- Burgeoning middle-class with a rapidly expanding purchasing power
- Adoption of global technologies and manufacturing know-how
- Adherence to global standards of safety and environment compliance
- Presence across the textile value chain (cotton production – fibre production – yarn manufacturing – fabric manufacturing – garment manufacturing)
- Investments in best-in-class infrastructure + Government support for continuous upgradation (TUF scheme)
- Evolving fashion sense and product intelligence to compete in global markets

*Texprocil benchmarking report May 2014, ITMF cost comparison report, 2014 and Wazir analysis