

SUTLEJ TEXTILES AND INDUSTRIES LIMITED

“16th Annual General Meeting”

August 31, 2021

3.00 p.m. to 3:35 p.m.

TRANSCRIPT

Manoj Contractor - Company Secretary:

Dear Members,

Good Afternoon. I welcome you all to the 16th Annual General Meeting of Sutlej Textiles and Industries Limited.

The time is 3.00 p.m. and it is now time to commence the proceedings of the meeting.

Due to Covid-19 pandemic the Ministry of Corporate Affairs and the Securities and Exchange Board of India vide their respective circulars, have allowed companies to hold the Annual General Meeting through Video Conferencing or Other Audio-Visual Means during calendar year 2021.

I have been informed based on registrations received from Members for this meeting that the requisite quorum is present.

Mr. C. S. Nopany, Executive Chairman of the Company shall chair this meeting.

I now request Mr. Nopany to commence the proceedings.

Thank you.

C. S. Nopany - Chairman:

Good Afternoon Ladies and Gentlemen. I welcome you all to the 16th Annual General Meeting of your Company.

Let me introduce my colleagues on the Board who have joined this meeting:

1. Mr. Rajan Dalal;
2. Mr. Rajiv Podar;
3. Mrs. Sonu Bhasin;
4. Mr. Rohit Dhoot;

5. Mr. Ashok Mittal; and
6. Mr. Bipeen Valame.

Mr. Umesh Khaitan is also expected to join any minute. We are waiting for him to join.

We also have with us Mr. Updeep Singh Chatrath - CEO and Mr. Rajendra Chouhan, representing M/s. R. Chouhan and Associates, Practicing Company Secretaries who is the Scrutinizer for this meeting and also the Secretarial Auditor of the Company. They have joined this meeting from their respective locations.

I will now commence the proceedings of this meeting as contained in the notice dated 07th May, 2021.

Since the meeting is being conducted through electronic means, no proxies are allowed to attend the meeting.

The documents and other statutory registers can be inspected by sending a request on the email ID: stil.investor_grievance@sutlejtextiles.com

I would now like to give a brief perspective about the Company and the sector that your Company operates.

Encouraged by the prospects of a large nation and needing to be Self-Dependent, 85 years ago, Sutlej was born with the sole objective of supplying local cloth manufacturers with the best quality of yarn. We built our business with this perspective: to meet the opportunities that came with a rapidly developing nation while reinventing ourselves to keep up with the times.

This past year was a highly unpredictable one and precisely the kind of market for which we were well prepared for. The Indian economy slowed from 4.2 per cent in 2019-20 to -7.3 percent in 2020-21. Manufacturing declined by 6.4% as against an increase of 2% in FY20. The global textile sector declined by around 2 per cent in FY 21.

Although we faced a slight set back due to the lockdown, the comeback of Sutlej was commendable. Our perseverance and resilience cushioned the impact of the first quarter.

This past year was one where we had to focus more on our stability than our growth. This stability enabled us to take advantage of the market once everything started normalizing.

In a world where uncertainty is the new normal, reinvention and flexibility became crucial for our survival. We have been reinventing ahead of the curve as an organisation for the last couple of decades. At a time when most yarn makers in India were focused on the large commodity segment, Sutlej graduated to the value-added. When most Indian companies were focused on the domestic market, Sutlej extended its reach into global markets.

The result is that we consistently invested in enhancing our capacities. The Company was able to create margins giving us the ability to continue repaying debts without letting it multiply over time. Besides, the Company moderated debt during the last financial year, reducing its interest outflow and strengthened its liquidity through tighter working capital management.

The Company increased its focus on the knitwear segment, which gained popularity during the lockdown period as demand for comfort clothing increased.

At Sutlej, we strengthened our capacity to rebound by strengthening digitalisation in our manufacturing, quality, marketing and controls. This improved our decision making process and enhanced the overall customer experience.

We commissioned the Sutlej Green Fibre plant that will recycle 7 million PET bottles a day at peak capacity. This will help reduce costs and make our environment greener. We intend to increase the renewable energy generation within our business to reduce carbon footprint while reducing costs at the same time.

We also launched the Nesterra brand of home furnishings, the first brand launched by the Company in its multi-decade existence.

At Sutlej, we will continue to focus on enhancing our efficiency with modernisation and technology up-gradation to sharpen our competitive edge. A stronger focus on what we do, over what we have will help Sutlej shift the needle, reinvent and then rebound and, in doing so, create value for all the stakeholders.

The Annual Report of the Company and the Notice convening the 16th Annual General Meeting has already been sent through electronic means. With your permission I shall take it as read.

The Statutory Auditor's Reports on the Company's standalone and consolidated financial statements for the financial year 2020-21 are unqualified. With your permission I shall take the reports as read.

I now request the Company Secretary to read out the proceedings.

Company Secretary:

The Company had provided the facility of remote e-voting to Members for casting their votes on the resolutions set-out in the Notice convening this AGM. The e-voting facility was made available to Members from 9.00 a.m. on Saturday, 28th August, 2021 till 5.00 p.m. on Monday, 30th August, 2021.

Electronic voting facility has been made available during the proceedings of this meeting to enable Members who have not cast their votes through remote e-voting, to exercise their voting rights. The e-voting window shall be activated upon instructions by the Chairman during this meeting.

Mr. Rajendra Chouhan, representing M/s. R. Chouhan and Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to oversee the e-voting process.

Members who have already voted through remote e-voting shall not be eligible to participate in the voting today. However, they can continue to participate in the AGM.

The results of the voting will be declared within 48 hours based on the Scrutinizer's Report and the same will be published on the Company's website and uploaded on the websites of National Stock Exchange of India Limited and BSE Limited.

Thank you.

C. S. Nopany - Chairman:

Before I move the resolutions contained in the Notice, I would like to invite our shareholders who have expressed their desire to speak at the meeting. We have received a request from Mr. Ayush Gupta and I will request Mr. Gupta to share his views.

Ayush Gupta - Shareholder:

Sir, I am Ayush Gupta, from Delhi, I welcome all the Board members. Sir, I am a shareholder of Sutej since a long time. I reside in Delhi and I am thankful to the Secretarial team for providing the digital platform for joining this meeting. Sir, these are challenging times due to COVID-19

first wave and we are moving towards recovery. Now, there are predictions of third wave. I wish it does not hit us. Sir, half year has passed in this situation, I would like to know what are the predictions for remaining 6 months or next financial year? Sir, we also have expansion plans that are good for Company's future objectives. Sir, what is the status of orders? Sir, how is the position of our plants and what is the operating capacity of the plant? Sir, we have presence in 62 countries. Sir, has COVID-19 impacted our exports? Sir, when do you expect to reach pre - COVID - 19 level? Sir, this is a good platform for joining the meeting. Sir, let's hope that the next AGM will be held through digital platform so that it will enable pan India shareholders to get connected with you. Sir, let's hope that COVID - 19 situation normalises very soon. Chairman Sir, we trust your leadership, our Company performed well in the past under your leadership and it will continue to perform well in the future and will also lead to rise in share prices of the Company and shareholders will receive good dividend. Sir, with this, I thank you all for providing an opportunity through this platform for joining the meeting. Thank you, sir.

C. S. Nopany - Chairman:

Many many thanks Mr. Gupta for joining with us today. Your comments encourage us. You have raised various points which I will try to answer as much as I can. In case, something is left out, I will request Mr. Updeep Singh to add. Impact of COVID-19 has been significant. It is significant because, once lockdown is announced, people are staying at home and not really utilising apparel wear to the extent what they would do especially in synthetic sector which forms part of formal apparel usage. During first lockdown, many workers returned to their hometown due to which we had to shut spindle for sometime. Second lockdown was comparatively better, during second lockdown, we were operating at 80% capacity utilisation due to non-availability of workforce. During first lockdown, we even reached at 0% at one point. If COVID - 19 third wave occurs and results into subsequent lockdown then it will definitely impact us. This is because it will hit consumption. Secondly if workers again return to their hometown then it will also have an impact on the capacity utilisation. But, I hope that third wave does not impact us significantly. Another question is, how are we de-risking and handling the situation? We got support from exports. As you are aware, international markets have opened significantly. During second lockdown period, when there was crunch in the domestic demand, we could export considerable amount of yarns through garmenters and also directly. We initially faced shortage of containers but that problem was resolved later. Therefore, our financial performance during lockdown was not bad and it was better as compared to the first lockdown. Our presence in 60 countries has been beneficial to us and we have customers to whom we could export. Now, I would request Updeepji to add if I have missed on any point.

Updeep Singh Chatrath - CEO:

Thank you, sir. The member has asked about reaching pre – COVID 19 level. I hope that if this situation continues and if third wave does not occur, then we may achieve pre - COVID 19 level this year.

C. S. Nopany - Chairman:

With the permission of the Members, I would like to move the resolutions contained in the Notice of this AGM.

Since this meeting is through electronic mode, members will not have the opportunity to propose or second the resolutions. Combined results of remote e-voting and e-voting during the meeting on resolutions, will be considered for approval of the resolutions.

First item of the Notice is to receive, consider and adopt the Standalone Audited Financial Statements of the Company as at 31st March, 2021, together with the Reports of the Auditors and Directors thereon. The following ordinary resolution is proposed:

"RESOLVED THAT the Standalone Audited Balance Sheet as at 31st March, 2021, Statement of Profit and Loss and Statement of Cash Flows for the year ended on that date along with schedules and notes thereto and the Reports of the Auditors and Directors be and are hereby approved and adopted."

Second item of the Notice is to receive, consider and adopt the Consolidated Audited Financial Statements of the Company as at 31st March, 2021, together with the Reports of the Auditors thereon. The following ordinary resolution is proposed:

"RESOLVED THAT the Consolidated Audited Balance Sheet as at 31st March, 2021, Statement of Profit and Loss and Statement of Cash Flows for the year ended on that date along with schedules and notes thereto together with the Report of Auditors be and are hereby approved and adopted."

Third item of the Notice is declaration of Dividend. The Board of Directors have recommended a dividend of Rs. 0.30 per share for the financial year 2020-21. The following ordinary resolution is proposed:

"RESOLVED THAT Dividend of Rs. 0.30 per share for the year ended 31st March, 2021, as recommended by the Board of Directors of the Company, on 16,38,28,620 equity shares of Re.1/- each, be and is hereby approved and the same shall vest in, and distributed amongst

those shareholders, whose names appeared on the Company's Register of Members at the close of working hours on Monday, the 30th August, 2021 or to their order or to their bankers and also to the beneficial owners of equity shares held in electronic form as per the details furnished by the Depositories for the purpose.”

Fourth item of the Notice is regarding re-appointment of Mr. Ashok Mittal who retires by rotation and being eligible, has offered himself for re-appointment. The following ordinary resolution is proposed:

“**RESOLVED THAT** Mr. Ashok Mittal (DIN 00016275), Director of the Company, who retires by rotation at this Annual General Meeting and who being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation.”

Fifth item of the Notice is regarding ratification of remuneration paid to M/s. K. G. Goyal & Associates, Cost Auditors for the financial year 2021 - 22. The following ordinary resolution is proposed:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 (the Act) including any statutory modification(s) or re-enactment thereof, for the time being in force, read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, M/s. K. G. Goyal & Associates who have been appointed as the Cost Auditors of the Company and its units, be paid the remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the appointment of M/s. K. G. Goyal & Associates as Cost Auditors (the “Cost Auditor”) shall also extend to all such unit/s as may be owned by the Company during the financial year 2021 - 22; and shall be on such remuneration as may be mutually agreed between the Company and the Cost Auditor, subject to the recommendation of the Audit Committee and approved resolution of the Board in this behalf.

RESOLVED FURTHER THAT the Board and / or the Company Secretary, be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

As I am interested in item no. 6, I will now request Mr. Umesh Khaitan, Director of the Company to Chair this item.

Umesh Khaitan - Independent Director:

Thank you, Mr. Nopany.

Sixth item is a special resolution regarding re-appointment of Mr. C. S. Nopany as Executive Chairman of the Company for a period of 3 years with effect from 1st July, 2021 and remuneration payable to him. The following special resolution is proposed:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Mr. C. S. Nopany (DIN: 00014587) as Wholetime Director designated as “Executive Chairman” of the Company for a period of 3 (three) years with effect from 1st July, 2021 on a remuneration and such other terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of the Company be and is hereby authorised to alter and / or vary the terms and conditions of the said appointment and / or enhance, enlarge, alter or vary the scope and quantum of remuneration, perquisites, benefits and amenities payable to Mr. C. S. Nopany, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the period of 3 years from the date of appointment, as may be agreed to between the Board and Mr. C. S. Nopany which shall be in accordance with the provisions of Schedule V and other applicable provisions of the Act and prescribed rules made thereunder (including any statutory modifications or re-enactment thereof), for the time being in force, subject to necessary sanctions and approvals, if any.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto.”

Now I request Mr. Nopany, to again Chair the meeting.

C. S. Nopany - Chairman:

Thank you so much, Mr. Khaitan.

The e-voting window shall now be activated for allowing the Members to vote during the AGM. Members are requested to vote by selecting EVEN: 116593 on your screen.

The Members who have not yet voted may cast their votes now.

The e-voting will end within 15 minutes from the end of this meeting.

All questions and queries received during the meeting will be responded to via email in the next couple of days.

Friends, on behalf of the Board of Directors and on my behalf, I would like to express my sincere appreciation for the continued co-operation, support and confidence reposed by all the stakeholders in the Company. I am sure your Company shall continue to receive your all-round co-operation and support in future also. I thank you for taking out time to attend this meeting.

I now declare the proceedings of this meeting as closed.

Thank you so much!