

SUTLEJ TEXTILES AND INDUSTRIES LIMITED

“17th Annual General Meeting”

August 30, 2022

3.00 p.m. to 3:36 p.m.

TRANSCRIPT

Manoj Contractor - Company Secretary:

Dear Members,

Good Afternoon,

I welcome you all to the 17th 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.

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 and Other Audio-Visual Means during calendar year 2022. Accordingly this meeting is being held through Video Conferencing.

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 17th Annual General Meeting of your Company. I hope you all are safe and keeping well. While it would have been a pleasure to meet you in person, yet in the given circumstances I do believe that this is a safe and efficient way of transacting business in the prevailing environment and I look forward to your co-operation in today's meeting.

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

1. Mr. Umesh Khaitan;

2. Mr. Rajan Dalal;
3. Mrs. Sonu Bhasin;
4. Mr. Ashok Mittal;
5. Mr. Rajib Mukhopadhyay who is the Wholetime Director and
6. Mr. Amit Dalal.

We also have amongst us Mr. Updeep Singh - CEO; Mr. Vijendra Choudhary, representing M/s. B S R & Co., Statutory Auditors and Mr. Rajendra Chouhan, representing M/s. R. Chouhan and Associates, who are Practicing Secretaries and 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 now commence the proceedings of this meeting as contained in the notice dated 11th June, 2022.

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 in.

Our theme for the year - Sustain. Empower. Grow. - is an ethic that the Company has lived across the nine decades of its existence.

The validation of this ethic is reflected in the success of our Company. The fact that we have survived and succeeded in this challenging environment across political, economic and technology cycles is a vindication of our commitment to perpetually expand capacities and capitalize on economies of scale, invest in ongoing modernization to enhance operating efficiencies, and deepen a culture of innovation with the objective to bring differentiated products to our consumers.

Seldom has this commitment been tested more than in the last two years, marked by a pandemic slowdown that translated into a decline in revenues, margins and profits in the financial year 2020-21 and a rebound in our financial and operating parameters in the financial year 2021-22. During the slowdown, the Company kept faith and focus on the core elements of its business. This focus was validated during the year under review when the Company reported

a vigorous rebound. This rebound was marked by 62% growth in revenues and a corresponding increase in EBITDA by 186%.

It would appear that the Company's vigorous performance rebound was achieved in a conducive business environment. The reality was that the Company's performance in the last two years was in the face of unprecedented business realities that put a premium on seeking new ways to sustain and grow.

I believe that the VUCA that is volatile-uncertain-complex-ambiguous environment of the past has been replaced with BANI that is brittle, anxious, non-linear and incomprehensible.

A new understanding of BANI is necessary to comprehend challenges of the Company's operating environment. The brittle nature of the operating environment is reflected in its vulnerability to external shocks and unforeseen developments, affecting not only a country or two but becoming an extensive multi-country phenomenon. The brittleness of the modern world was highlighted when a pandemic outbreak exposed the fragility of the global social and economic environment.

The other visible feature of this new normal is a sense of anxiousness. This anxiety is affecting consumer purchase; in turn, this is influencing capital expenditure by companies as well.

The third feature of BANI is a growing non-linearity of the modern world. The conventional relationship between cause and effect is no longer evident.

The last dimension of BANI is the word 'incomprehensible'. An abundance of data is not necessarily leading to informed decision making. A real-time understanding of a range of global realities is overloading the mind with data that is putting a premium on detached and objective decision making. What used to be simple is now complex; what required simple deduction is now merely guess work.

The bottom line of this new normal is that a mistake can set one back by years. Companies do not need to be right; they need to be more right than ever. They need to be resilient during phases of uncertainty and be among the first to rebound during periods of economic recovery.

At Sulej, we believe that the new normal warrants a way of doing business. What worked for us in the past needs to be questioned; what was taken as the surest way to do things needs to be re-examined. At Sulej, our re-examination comprises three words that have been sequenced into a statement: 'Sustain. Empower. Grow.' The line has acquired a deeper relevance; it encapsulates a clarity of how a companies like ours can negotiate external challenges and protect business sustainability.

One of the uncertainties created by the pandemic and upheaval in the social-political environment, a new Sutej is now emerging. This Sutej is raising the bar across virtually all roles and functions. The Company is not just focusing on customer service; it is obsessed with customer delight.

The Company engages periodically with customers to understand how Sutej can take their business ahead. The result is that Sutej launched new products and attracted new customers, which generated around 15% revenues during the year under review, a sizeable share for an initiative that will now be rapidly scaled.

At Sutej, we are cautiously optimistic of prospects even as the Company continues to wait and watch the unfolding scenario before committing any sizeable investment in manufacturing capacity. The Company will sweat manufacturing facilities, widening its value-addition and enhance stakeholder value.

Friends, the Annual Report and the Notice convening the 17th 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 2021-22 are unqualified. With your permission I shall take these reports as read. I will now request the Company Secretary to read out the proceedings.

Manoj Contractor - Company Secretary:

Thank you sir.

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 the Members from 9.00 a.m. on Saturday, 27th August, 2022 till 5.00 p.m. on Monday, 29th August, 2022.

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

Mr. Rajendra Chouhan, representing M/s. R. Chouhan and Associates, Practicing Company Secretaries, have 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 two working days 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:

With the permission of the Members, I now 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.

The First item of the Notice is to receive, consider and adopt the Standalone Audited Financial Statements of the Company as at 31st March, 2022, along with the Reports of the Auditors and Directors.

The Second item of the Notice is to receive, consider and adopt the Consolidated Audited Financial Statements of the Company as at 31st March, 2022, together with the Reports of the Auditors.

The Third item of the Notice is declaration of Dividend. The Board of Directors have recommended a dividend of Rs. 1.85 per share for the financial year 2021-22.

I am interested in item no. 4, therefore I request Mr. Umesh Khaitan, Director of the Company to Chair this item.

Umesh Khaitan - Independent Director:

Thank you Mr. Nopany.

The Fourth item of the Notice is regarding re-appointment of Mr. C. S. Nopany as a Director, who retires by rotation and being eligible, has offered himself for re-appointment.

I request now Mr. Nopany, to again Chair the meeting please.

C. S. Nopany - Chairman:

Thank you so much Mr. Khaitan.

The Fifth item of the Notice is regarding re-appointment of M/s. B S R & Co. LLP, as Statutory Auditors for a second term and fixing their remuneration. The resolution has already been circulated and may I consider them as read.

The Sixth item of the Notice is regarding ratification of remuneration paid to M/s. K. G. Goyal & Associates, who are the Cost Auditors for the financial year 2022 - 23. Again the resolution has been circulated to all the Members and with your permission may I take them as read.

The Seventh item of the Notice is regarding appointment of Mr. Rajib Mukhopadhyay as a Director of the Company. This will be as an Ordinary Resolution and this has been circulated to all the Members and with your permission may I take them as read. Thank You.

The Eighth item of the Notice is regarding the appointment of Mr. Rajib Mukhopadhyay as the Wholetime Director of the Company. This will be a Special Resolution and the resolution has been circulated to all the Members. May I please consider it as read. Thank you.

I would now like to invite our shareholders who have expressed their desire to speak at the meeting.

We have received requests from Mr. Ayush Gupta, Mr. Vinod Agarwal and Mr. Sahni.

In the interest of time and to make available opportunity to other shareholders, we request the speakers to be brief and limit their conversation to 3 minutes each and share the rest of the questions, in case if they have any, by writing to us and we shall reply to the same.

The speaker shareholders are requested to mention their name and location from where they are speaking.

I will now invite Mr. Ayush Gupta to unmute his audio and video and to share his views. Is Mr. Ayush Gupta here?

Manoj Contractor - Company Secretary:

Yes Sir, he is here. Mr. Gupta can we request you to unmute your audio and switch on the video?

C. S. Nopany - Chairman:

Mr. Gupta we can't hear you. Your video has to be switched on and audio also has to be switched on.

Sanjeev Yadav - NSDL Team:

Mr. Gupta request you to accept the request to unmute yourself and ask question please.

C. S. Nopany - Chairman:

I think maybe we can invite Mr. Agarwal to come in while Mr. Gupta sorts out his technical issues.

Manoj Contractor - Company Secretary:

Sure Sir.

C. S. Nopany - Chairman:

Mr Agarwal can you hear us?

Vinod Agarwal - Shareholder:

Yes, I can hear you. Can you hear me now?

C. S. Nopany - Chairman:

Yes we can hear you now. Your video is off but that's ok. Please go ahead.

Vinod Agarwal - Shareholder:

Chairman Nopanyji, CEO Updeep Chatrath ji, Director Finance and CFO and CS Manojji Contractor, good afternoon to everyone and regards to everyone. I have gone through the Annual Report. I could see you have got five plants located at various places Jammu, Kota, Damanganga. Sir Damanganga specialises in Home Textiles. You have launched Nesterra brand this year. What is the response to this brand? How much sales is coming from Nesterra brand? and the Company has received awards mentioned on page no. 6 for which I compliment the Company and management for receiving the various awards. Even from Export Promotion Council you have received lot of awards. Sir my only one or two queries sir, you have got 4,21,000 spindles operating at the spinning mills and you have got 116 shuttle less weaving looms for Home Textiles Business sir. I like to know what is the future capex that you are likely to do in the next two years? Since you are retaining 80% of the Earning Per Share that was there for this year. Earning Per Share was Rs. 9.50 and you have given dividend of around Rs. 1.85 and even the debt has come down substantially in last five years. The Balance Sheet is much better than what it was over the past 5 years Sir. Highest ever revenue you have got the highest ever profit is there, highest ever EBITDA and lowest debt equity ratio at 0.82 and five years ago it was about 1.15. I compliment the management for strengthening the Balance Sheet. Only thing I was wondering to know was what will be your capex for next two years sir? I wish the Company all the best and keep on doing better and try reducing the debt from 0.82 to become zero debt Company sir that is shareholders aim. Zero debt Company has a better market valuation than the company with a debt and finance cost and all. You have to pledge things with lenders. All those things will go away Sir. I wish the Company all the best. Signing Off
Vinod Agarwal from Mumbai. Thank you.

C. S. Nopany - Chairman:

Thank you Mr. Agarwal. We will finish all the questions first and then I will try answer as many questions as possible. In case we have left out something we will of course send you an email. Now May I request Mr. Sahni if he is here he can come and ask his questions.

Sanjeev Yadav - NSDL Team:

Mr. Sahni has not joined the Meeting Sir.

C. S. Nopany - Chairman:

Ok hasn't joined and what about Mr. Gupta? Has he been able to resolve his connection issues?

Sanjeev Yadav - NSDL Team:

Mr. Gupta is still there. Mr. Gupta can you unmute yourself and ask questions please?

C. S. Nopany - Chairman:

Ok. What I suggest is that If Mr. Gupta you can send your questions by email to the Company. We will definitely send you a reply of all the questions that you raised. Oh there you are, I can see you Mr. Gupta now but I can't hear you. No. Ok, so basically we will take his questions and will send a reply to him. As far as questions which are raised, I will try to answer it. The brand Nesterra has been launched. It was recently launched by us. We are now at almost 300 stores in India. The response has been very good. The designs have been appreciated extensively and there is lot of excitement as far as the market is concerned. We have started seeing increase in sales as far as Nesterra is concerned. But it will take time for the brand to grow because it is a new brand, but the response has definitely been very encouraging. I would also like you to thank you for the appreciation that you have given to the Company regarding various awards that we have received. It is simply a testament of the work that we are doing and the management has been really at it. So, on behalf of the entire management I would express my deepest appreciation. We are looking at a significant capex. There are 2 types of capex which are being planned and which have been approved by the Board. One is modernization. As you are aware technology up-gradation has always been of paramount importance because that is what give us cutting edge compared to our competitors and that is an exercise which we continuously do and that we carry on with. This apart, the Board has also approved a greenfield plant in Jammu and Kashmir. The Jammu and Kashmir government has come out with a scheme where they have invited investments and we have submitted our proposal. That project itself is expected to cost us approximately Rs. 900 crore and various formalities are in progress. We will of course keep all the shareholders updated, you know as this progresses. Of course we will be taking debt, but decrease in debt equity ratio remains top priority for us and I can assure the shareholders that this will be kept very much under control. I hope that I have answered the questions that were raised. In case something is left out we will send you a reply by email.

Friends, now that the question-answer session has been completed. 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: 120753 on your screen. Members who have not yet voted may cast their vote 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 within a next couple of days.

On behalf of the Board of Directors and on my behalf, I would like to express my sincere appreciation for the continued co-operation and 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 as well. 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 everyone.

Manoj Contractor - Company Secretary:

Thank you sir.