

12<sup>th</sup> August, 2025

<b>BSE Ltd.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. <b>Scrip Code: 532782</b>	<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G-Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051. <b>Scrip Code: SUTLEJTEX</b>
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Dear Sirs / Madam,

**Subject: Transcript of Q1 FY26 Earnings Conference Call**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed a transcript of the earnings conference call for the quarter ended 30<sup>th</sup> June, 2025 which was held on Thursday, 07<sup>th</sup> August, 2025. The same is also available on the website of the Company i.e. [www.sutlejtextiles.com](http://www.sutlejtextiles.com).

The conference call held on 07<sup>th</sup> August, 2025, as per the Transcript enclosed incorporates mainly the highlights of financial results upto 30<sup>th</sup> June, 2025, and other related information which is already in public domain and / or made available / uploaded on the Company's website.

Please take the same on record.

Yours faithfully  
For **Sutlej Textiles and Industries Limited**

Manoj Contractor  
Company Secretary and Compliance Officer



Spinning excellence since 1934

# “Sutlej Textiles and Industries Limited Q1 FY '26 Earnings Conference Call”

August 07, 2025



Spinning excellence since 1934



**MANAGEMENT: MR. ASHISH KUMAR SRIVASTAVA – CHIEF EXECUTIVE OFFICER AND WHOLE-TIME DIRECTOR – SUTLEJ TEXTILES AND INDUSTRIES LIMITED**  
**MR. RANJAN CHAUDHARY – CHIEF OPERATING OFFICER – SUTLEJ TEXTILES AND INDUSTRIES LIMITED**  
**MR. SACHIN KARWA – CHIEF FINANCIAL OFFICER – SUTLEJ TEXTILES AND INDUSTRIES LIMITED**

**STELLAR IR ADVISORS – INVESTOR RELATIONSHIP TEAM – SUTLEJ TEXTILES AND INDUSTRIES LIMITED**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call of Sutlej Textiles and Industries Limited. As a reminder, all participant lines will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touch-screen phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sachin Karwa, Chief Financial Officer. Thank you, and over to you, sir.

**Sachin Karwa:**

Good evening, everyone, and welcome to Earnings Conference Call of Sutlej Textiles and Industries for the first quarter ended 30th June 2025. With me on the call today is our CEO and Whole-Time Director, Mr. Ashish Kumar Srivastava; along with Mr. Ranjan Chaudhary, Chief Operating Officer; and Stellar IR Advisors, our Investor Relationship Team.

We have already uploaded the investor presentation, and I hope everyone has had an opportunity to go through the same. Let me start the call by giving you the financial highlights of the quarter, after which Mr. Ashish will lead you on the business as well as industry highlights.

Let me begin by acknowledging that the broader global and geopolitical context continues to shape the business environment, especially the textile industry. While uncertainty remains high, we believe once the micro stability returns, especially in terms of tariffs and trade flows, the industry will find its new normal.

As a company, we are positioning ourselves to respond with agility once the environment materializes. Talking about the financial performance of Q1, our consolidated total income came at INR610 crores, which was lower by 8% on a year-on-year basis. Gross margin was at 42.4%, which was lower by 165 basis points on a year-on-year basis. EBITDA for the quarter stood at INR1 crore with margin of 0.2% and a reported loss of INR30 crores.

In terms of segmental performance, during Q1, the yarn segment continued to be key revenue contributor with INR562 crores, supported by stable demand. The quarter was particularly impacted by the unfortunate war between India and Pakistan.

Our manufacturing unit in Northern India faced operational disruptions on account of war. Additionally, margin pressure persisted due to elevated input costs, particularly raw cotton and energy and lower yarn selling prices. The Home Textile segment contributed INR43 crores, aiding top line and operating efficiency.

Additionally, the company's continued focus on value-added and recycled green fiber product helped strengthen its premium product portfolio and cater to evolving customer preferences. In response to evolving market dynamics and cost pressures, we have initiated a multifaced strategy, which includes product diversification, market realignment, technology upgradation and development of value-added and specialty yarns.

We are continuously working on cost optimization and strengthening the balance sheet with our debt-equity ratio maintained at comfortable level of 0.95x.

With that, I now request Ashish ji to please take it forward with business and industry updates.

**Ashish Srivastava:**

Thank you, Sachin, and good evening, once again, everyone. Thank you once again for joining Sutlej Textiles Q1 FY '26 Earnings Call. As my colleague updated, the first quarter presented significant challenges due to geopolitical and macroeconomic headwinds.

Notably, our largest manufacturing facility, which is based up north in Jammu & Kashmir, faced operational disruptions for over a month due to the India Indo-Pak conflict. Located close to the border, the safety of our employees was our top priority, leading to temporary workforce evacuation.

I would like to place on record and commend our on-ground and leadership teams for their exceptional efforts in restoring operations. By July, we successfully resumed full-scale production at our Kathua unit, which is in Jammu & Kashmir, demonstrating our commitment to operational resilience. Despite these disruptions, our diversified business model supported stable performance.

The yarn segment, which constitutes roughly about 90% of our revenue was most affected, yet our fiber and home textile businesses performed in-line with expectations. Domestic sales accounting for about 65% of total sales remained robust, while export volumes faced minor delays, particularly to Bangladesh due to regional tensions. Fortunately, these disruptions caused most significant customer dissatisfaction or order losses.

Key export markets like Bangladesh and Turkey continue to drive our yarn businesses. Our limited direct exposure to U.S. market has shielded us from the recent tariff uncertainties, including ongoing discussions around potential increases in U.S. import duties on textiles.

While these tariff talks remain fluid, we are closely monitoring developments and believe our diversified market presence and our focus on non-U.S. markets will mitigate potential risks. Meanwhile, we are actively exploring opportunities to expand our home textile exports to U.K. and EU, particularly leveraging the potential of the India-U.K. free trade agreement. This aligns with our strength in design and value-added furnishings.

On the cost front, we did face some margin pressure due to the volatile polyester prices tied to the global crude oil fluctuations. Despite these challenges, our focus on product diversification, value-added and specialty hands and operational efficiency helped us maintain stability.

In summary, Q1 FY once again tested our resilience, but our swift recovery, diversified portfolio and strong customer relationships kept us on track. We are strategically recalibrating to diversify markets and enhance our premium product offerings, exploring new opportunities and positioning Sutlej to capitalize on the Indian textile sector's long-term growth potential as market conditions stabilize.

Thank you for your continued support. We now open the floor for questions.

**Moderator:**

Thank you very much. We will now begin the question and answer session. Our first question comes from the line of Mahesh Shah from Star Investment.

**Mahesh Shah:**

So I just wanted to know, so with the U.S. recently imposing a 25% tariff on select Indian textile exports, so how do you see this impacting Sutlej's direct and indirect exports to the U.S., especially for home textiles and yarn supplied to converters in countries like Bangladesh and Vietnam, for example?

**Ashish Srivastava:**

So I think if you look at Sutlej's business model, I mean, we are just making the value-added yarn, which is basically the dyed yarn, which we supply to the exporter segment and which we also do for the domestic segment.

Roughly about 66% of our business is in the domestic market, which works mostly with the domestic brands and the production is consumed within there. In that, there is definitely a segment of exporters, which make use of these yarns to either do the knitting or other value addition and then export the apparel or the final product to different markets.

So only that segment is what is going to get affected. As far as our supplies to Bangladesh is concerned or our supplies to other regions is concerned, that should remain broadly unaffected, so to say.

**Mahesh Shah:**

Okay. Understood. So apart from that, just on the other hand, so let's say, like with the India, U.K. FTA now signed, so what kind of strategic or value upside do you anticipate from the U.K. market? So particularly in the home furnishings where India holds such a strong position?

**Ashish Srivastava:**

Sure. So I think U.K. offers a very unique opportunity, and we need to kind of leverage the FTA, the details of which is kind of getting unfolded as we move forward. We think that whatever potential downside, which we will see in U.S. See, the challenge is not about the 25% duty. The challenge is more on the uncertainty. And we think that in about one or two months, this uncertainty will come to an end. Once this uncertainty comes to an end, even U.S. markets will start. The buyers will start placing more orders on India is concerned.

On the other hand, on the U.K. side, we see for the Sutlej home business, big brands like M&S Home or a whole range of other customers specifically increasing their sourcing from India and we, as a company, getting benefited out of it.

**Moderator:**

The next question is from the line of Hari Kumar, an Individual Investor.

**Hari Kumar:**

How are the company's plans going towards diversification towards technical textiles, sir?

**Ashish Srivastava:**

So thank you, Mr. Hari Kumar. We are, at this point of time, putting together a strategic business plan where we are exploring which areas we need to focus on. And we are definitely evaluating different areas, including technical textiles. And we will come back to you with a more clear plan possibly by the end of this year. But we are evaluating all the options and technical textiles is one of them.

- Hari Kumar:** And the second question is regarding the yarn spreads, how are they -- are they comfortable right now, sir, profitable? Yarn spread.
- Ashish Srivastava:** No. So I think there is a lot of pressure on the commodity yarns, and that is kind of evident. What we do is mostly synthetic yarn and also the value-added dyed yarn. So in these segments, while there are pressures, but the pressures are not as much as, let's say, in the basic cotton or polyester yarns.
- Hari Kumar:** And this PET conversion, sir, the bottle conversion, is it remaining profitable, sir?
- Ashish Srivastava:** Yes. So the fiber conversion is definitely remaining profitable. What we are, again, there looking at collaborations with different technologies where we can add certain performance aspects to the fiber. While we are converting the plastic to the fiber, we are in detailed talks with at least three of our partners where we become -- where we do -- where we impart certain functional finishes on to the fiber. And then obviously, the whole utilization of it becomes very different.
- Moderator:** The next question is from the line of Raj Tagore from Pagariya Capital.
- Raj Tagore:** So my first question would be on the line of the Bangladesh market as there were a lot of news about Bangladesh banning the imports of yarn from India and there is a potential shift of the imports from India to China. So are we analyzing any kind of potential risk in this? And how are you planning to counter this?
- Ashish Srivastava:** So two things. First, Bangladesh, the ban was on the land shipment of yarn into Bangladesh. Normally, the yarn used to take the road route through Benapole, which was banned. Now all the yarn, which is to go has to go through a sea shipment via Chittagong. So that's the ban which has happened.
- The pressure on the commodity yarn will become more and the cotton melange, the cotton dyed yarn variety is going to still remain lucrative for Bangladesh to buy from India. Having said that, we are exploring other markets/ other products so that we diversify in any case, including the newer markets of Latin America and all which are becoming more open as far as the functional yarns is concerned.
- Raj Tagore:** And my next question would be on the lines of the volatility of the raw material prices. How are we seeing the price of the raw material in this quarter? And are we expecting any stability in the trend in the coming year of FY '26 and the future financial years as well? Can you shed some light on it?
- Ashish Srivastava:** Sure. So I think I'll take it in two parts. One is the volatility in the polyester prices, which is linked to the crude prices. So that is directly linked to how the crude moves. And basically, we need to kind of index or kind of plan basis that.
- On the cotton side, what we hear is that crop is going to be good, both in India as well as global. The Indian cotton prices remain to be a little higher than the international cotton prices. And in

this year alone, again, the minimum support price has increased, leading to some increase in the raw cotton prices.

But we think that the price; because the availability is not so much of an issue, the prices will more or less be range bound, except for the increase in the minimum support price, which is going to happen as far as India is concerned.

**Raj Tagore:**

So my last question would be on the lines of the cotton prices. As we all know that the international cotton prices are a bit lower as compared to the cotton price available to us. So are we facing any potential pressure on our margins? And are we taking any proper measures to mitigate this risk and to improve our margins?

**Ashish Srivastava:**

So yes, I think what your observation is absolutely right. The Indian cotton prices continue to remain a little higher than the international prices. We are evaluating or we evaluate from time to time. However, the cotton prices internationally because of the duty structure and because of the landed cotton prices, by and large, come up similar, so to say. Having said that, we continuously explore options of buying reasonable good cotton from different countries to hedge the overall cotton price.

And then in India, because we do mostly the blended yarns and not 100% cotton gray yarn, in the mixing, whatever we can kind of work around is what we play to ensure that our mixing cost or the margins are kind of maintained.

**Moderator:**

The next question is from the line of Rushab from Finovate.

**Rushab:**

I wanted to ask a few questions. But to start with, if you can give me a rough figure about the raw material, how much it was imported and how much we have procured domestically? And how has been the trend of the cost? Were they higher in the quarter 1 or how is it compared to last quarter?

**Ashish Srivastava:**

So 90% of our raw material is indigenous. I mean we don't import that much, let's say, for the quarter, except from outside, except when it is specified for certain products by the customer. The pricing, as I said, was volatile on polyester. And on cotton, we have seen the prices have moved by about 3% from last quarter to this quarter.

**Rushab:**

Okay. And also, I wanted to understand what is our long-term strategy. So are we like focusing on reducing the dependence on low-margin commodity yarns? Or are we planning to diversify into other textile segments like technical or functional textiles, anything?

**Ashish Srivastava:**

For sure. So if we were to classify the yarns, which we currently do, they will fall into three broad categories. One is the polyviscose or the polyviscose dye, which goes into typically a suiting product. We have cotton and cotton melange which basically goes into the sweater industry. And then we have other synthetics, which go into different industry applications.

What we are currently evaluating is industrial yarns. The application of this can be in different industries; which get value-added and can go into different kind of industries. We are evaluating

the carpet industry, where certain specific qualities of yarn go as a carpet backing. And of course, we are evaluating the FR yarns, which is fire-resistance or fire-retardant yarns, which goes both for application in home as well as apparel.

**Rushab:** Okay. Understood, sir. And my last question is on -- have we planned any capex for are we doing any capex for current year?

**Ashish Srivastava:** For sure. The capex is primarily on account of three buckets. One is the regular maintenance to improve efficiency. The second is on the machine upgrade. And the third is investments which are going in newer categories of products.

Currently, in the first category, we have an overall capex number, but it will not be right for me to kind of comment on that. But I can give you a brief of how we are evaluating because the market conditions are uncertain. So on the regular maintenance, about 20% is what is going to go. About the machine upgradation, it's about 40% and balance 40%, we have kind of kept it for entering into newer product segments or newer categories.

So that's the kind of spread. Obviously, the capex decisions will be subject to different other factors. But definitely, we have planned a reasonable capex, both for growth and maintenance as we move forward.

**Moderator:** The last question is from the line of Dheeraj Thakur from Elara Capital.

**Dheeraj Thakur:** Actually, I wanted to understand that despite an improvement in utilization levels, volume have declined in this quarter. Has there been any change in the installed capacity?

**Ashish Srivastava:** No. I think in our initial commentary, what we said is that we lost close to about 15 to 20 days of production in one of our larger units which is based.

**Dheeraj Thakur:** Okay. Jammu & Kashmir unit. Okay. Got it.

**Ashish Srivastava:** Yes, yes. So it is primarily because of that. In spite of that loss, in fact, that loss was almost about 18% of the total capacity, we still have been able to restrict the sales loss to about 12%.

**Dheeraj Thakur:** Understood. And could you please share the export revenue split across the key geographies or major customers, if possible?

**Ashish Srivastava:** Sure. So I think for the quarter 1, 65% is what was going into domestic and 35% is in exports. In 35%, if we were to look at, roughly about 45% is going into Bangladesh and the balance is going into different other geographies. So Bangladesh still remains to be one of our dominant countries where we export. This is the direct.

**Dheeraj Thakur:** And any rough estimate about how much is U.S.A.?

**Ashish Srivastava:** So as I said again in the opening comment, directly, we export. So, in yarn, we don't export. It's a very negligible amount, which goes except for that in automotive segment which are functional yarns, but the volume is very less. What we export to U.S. is the home textiles. As far as the



exports is concerned, I think about 60% is what goes into exports to U.S. But thankfully, we did not see much.

**Dheeraj Thakur:** 60% of 35% goes to U.S. or out of the total home textiles, 60%...

**Ashish Srivastava:** I'll just lay it down for you. 90% of our business is in yarns, roughly about 10% is what is there in -- or 8% is what is there in home textiles. Of the 8%, roughly 60% is exports. So roughly 6.4% of our total volume is in exports. In that 6.4%, roughly 60% is what goes to exports, which is roughly about 3.5% I hope my math is right.

**Dheeraj Thakur:** Got it. So U.S. is a very small component at the moment.

**Ashish Srivastava:** Yes. As of now, but we are still looking at how to even ensure that we don't have disruption because these are reasonably priced niche fabrics, which go there.

**Dheeraj Thakur:** Understood. And one more question is there. What is your current cotton inventory position? And also, can you elaborate on your cotton procurement strategy like for how many months we carry the stock?

**Ashish Srivastava:** So typically, we maintain a stock of about 60 days, except certain months because cotton is an annual crop. So on an average, we maintain about 60 days to 75 days based on how the forecasts are, how the prices are moving. And there is a robust sourcing strategy, which is in place through which we constantly monitor and procure the raw material.

**Dheeraj Thakur:** Okay. So we carry the two months inventory in hand which currently, we would be having too much inventory at this moment as well?

**Ashish Srivastava:** Yes. Give or take four, five days here and there.

**Dheeraj Thakur:** Also, I missed on the margin point. So what are the key drivers or initiatives which are there in place to improve the margins going forward? And additionally, why are the margins in home textiles relatively very low?

**Ashish Srivastava:** Two parts to the answer. Home Textiles: the effort was always to build the business. Now as the utilization there goes more; so our gross margins are good, but our final numbers on the profitability become less. So as we go forward, our order book remains quite healthy, and you will see a reasonable difference in quarters to come as far as the home textile business is concerned.

On the yarn business, as I said earlier, we are constantly looking to upgrade our product mix. We are looking at it from two lenses. One is the industry, the application industry and the other is how can we impart more performance or we can enhance more performance of the yarn by giving it a particular finish or playing with the fiber. So these are the things which we are kind of currently working on to ensure that we enrich our product mix and which will contribute better to our bottom line.

- Dheeraj Thakur:** Understood. So that answers my question. And what is the current utilization level for home textile?
- Ashish Srivastava:** If you look at the overall capacity, which is going only on to home textile is only about 40%. Balance, we are using it, but we are using it for processing. So it is not really value adding to the home textile. So there is a significant room for improving. So out of the total capacity, how do we increase our share of home textiles in the processing.. that's the effort which is currently on.
- Dheeraj Thakur:** So currently, the utilization is 40%.
- Ashish Srivastava:** Yes. So capacity is utilized 100%, but what is going for home textile is only 40%
- Dheeraj Thakur:** The remaining is for processing of yarn.
- Ashish Srivastava:** No, rest is going -- so this is fabric processing. So this goes for job processing. So basically, we are doing job work.
- Dheeraj Thakur:** Okay. So you take the outsourced work?
- Ashish Srivastava:** Yes, yes.
- Ashish Srivastava:** I think if there are no more questions, we can possibly end this call. Thank you, everyone, once again, and we look forward to interacting with you in the next quarter. Thank you.
- Moderator:** Thank you. On behalf of Sutlej Textiles and Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.