

11th November, 2025

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

Subject: Transcript of Q2 & H1 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 and half year ended 30th September, 2025 which was held on Friday, 07th November, 2025. The same is also available on the website of the Company i.e. www.sutlejtextiles.com.

The conference call held on 07th November, 2025, as per the Transcript enclosed incorporates mainly the highlights of financial results upto 30th September, 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



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Spinning excellence since 1934

“Sutlej Textiles and Industries Limited
Q2 & H1 FY '26 Earnings Conference Call”

November 07, 2025



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**MANAGEMENT: MR. ASHISH KUMAR SRIVASTAVA – CHIEF EXECUTIVE
OFFICER AND WHOLE-TIME DIRECTOR – SUTLEJ
TEXTILES AND INDUSTRIES LIMITED
MR. SACHIN J. KARWA – CHIEF FINANCIAL OFFICER –
SUTLEJ TEXTILES AND INDUSTRIES LIMITED
MR. RANJAN CHAUDHARY – CHIEF OPERATING
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 Q2 and H1 FY '26 Earnings Conference Call for Sutlej Textiles and Industries Limited. As a reminder, all participant lines will be in the 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 your touchtone phone. Please note that this conference is being recorded.

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

Sachin J. Karwa:

Good morning, everyone, and welcome to the earnings conference call of Sutlej Textiles and Industries Limited for the quarter 2 and half year ended September 30, 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 Advisor, our Investor Relations 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 macro overview, followed by the financial highlights of the quarter. The textile sector continues to operate under a dynamic landscape, marked by fluctuations in input costs and cautious global trade sentiments. Despite these challenges, the domestic market has remained resilient, supported by gradual improvements in consumption and favourable policy measures from the government.

The recent GST and import policy relaxations have also improved visibility, especially for synthetic and blended yarns. Talking about the financial performance, our spinning capacity utilization for Q2 FY '26 was at 86% against 91% in Q2 FY '25. The stand-alone income came at INR642 crores, which was lower by 6% on a year-on-year basis.

Gross margin improved to 46%, which was higher by 350 basis points on a year-on-year basis. EBITDA for quarter stood at Rs. 17.48 crores with margins at 2.7%. Loss was reported at Rs. 18 crores. From a business perspective, Sutlej delivered a steady quarter with improvement across key divisions. The yarn segment operated at optimal capacity with stable demand, especially in polyester viscose segment category, reflecting the shift towards man-made fiber.

The fiber division maintained healthy performance on the back of cost control and efficiency gains. The Home Textile segment stood out with a strong turnaround aided by value-added products and new geographies. Overall, our focus on operational discipline, product innovation and market diversification continues to support sustainable growth.

Going forward, the management remains focused on cost optimization, capacity utilization and enhancing the share of sustainable product offering across the segment. We remain committed to strengthening our balance sheet and maintaining a comfortable debt-to-equity ratio of 0.97x. With that, I now request Ashish ji to take it forward with the business and industry updates.

Ashish Kumar Srivastava: Thank you, Sachin, and good morning, everyone, once again. Thank you for joining us today for the Q2 and the H1 FY '26 earnings call. As my colleague mentioned, the textile industry

continues to navigate a mixed environment. While there is volatility in the raw material prices and the ongoing geopolitical uncertainties have surely impacted the global trade sentiment, the overall fiber cost landscape remained manageable during the quarter.

Although domestic cotton prices stayed relatively elevated compared to international levels, recent policy measures, including changes in GST regulations and import relaxations have enhanced demand visibility, particularly in the synthetic and blended yarn segments. At Sutlej, Q2 marked a steady and positive quarter compared to the previous one.

We observed improvements across most of our divisions, both in turnover momentum and operating performance. Let me briefly review our business verticals. Our yarn business operated at optimal capacity with only minor disruptions from heavy rainfall in Jammu and Kashmir and Himachal Pradesh. The overall demand environment remained stable, though pricing pressure persists due to global competitive intensity and regional trade challenges.

In exports, markets like Bangladesh faced temporary headwinds from shipping disruptions and tariff uncertainties in the U.S. However, we are actively diversifying our customer base and product mix with encouraging traction in new geographies, especially for our value-added and specialty yarns like the industrial yarns or the fire retardant yarns. Domestically, demand revival in the polyester viscose segment has been a positive development.

The shift towards man-made fibers is evident, and our strategic positioning in this space has helped sustain volumes. With regards to our Fiber division, that has performed strongly during the quarter. The raw material buying prices remained under control, enabling healthy operating margins. Again, here, the emphasis on efficiency, process optimization and disciplined working capital management continues to deliver results.

Home textiles emerged as the quarter's highlight, showing a clear turnaround. Despite challenges like tariff issues in the U.S. and cautious global retail sentiment, this segment delivered robust performance. We are well positioned in the value-added home textiles category, which demonstrates greater resilience than commodity segments.

Additionally, we are expanding our geographic reach beyond the traditional markets. We remain optimistic about upcoming free trade agreements with U.K. and EU, which should provide a competitive edge for Indian exporters once they are fully operational. Operationally, our focus this quarter was on maintaining a lean working capital cycle and improving product value realization.

Despite increased business activity, we adopted a prudent approach to inventory and receivables. We continue to invest in process enhancements, sustainability initiatives and product innovation to ascend the value chain and bolster long-term competitiveness. Looking ahead, we remain cautiously optimistic. Demand in domestic synthetics and value-added yarn is expected to stay firm, while international markets, particularly home textile should improve as trade normalizes and tariff uncertainties subside.

Our strategic priorities are unchanged, enhancing our product mix with higher-margin value-added offerings, deepening customer engagement across geographies and driving operational efficiency.

We anticipate this focus will yield steady progress in coming quarters. To summarize, Q2 was stable and constructive quarter for Sutlej Textiles, and we are confident in building on this foundation through the rest of FY '26.

Thank you once again for your continued support and confidence in Sutlej Textiles. We can now open the floor for questions.

Moderator: Thank you very much. The first question is from the line of Amit Agarwal from Leeway Investments. Please go ahead.

Amit Agarwal: I understand that the industry is going through a tough time. But I've seen that compared to all other industry peers, our EBITDA margins are always low for the last 5-6 years. So I'm talking about the yarn business especially. And what could be the reason behind it?

Has our PET project which were supposed to increase our margins not been effective enough or that has been a drag for the last 4-5 years? Because we are losing market share compared to all other listed yarn companies. I'd like to hear your comments regarding the same.

Ashish Kumar Srivastava: I think what we had kind of earlier emphasized that we operate in, as far as the yarn is concerned, primarily in the synthetics and the cotton segment. What we have started our journey of upskilling our product mix, that has given some results in the quarter 2, and I think we'll build on that.

So it's a question of what different product portfolio which we can offer to the market, which can give us the higher contribution and as a result, our margins can improve. At this point of time, there are the current headwinds for this first half of this year has been reasonably high. So in this environment, we are slowly but steadily progressing up the ladder.

Amit Agarwal: Do we agree that we have lost market share in the last 10 years because all other yarn companies have doubled their turnovers during this tough time also, and we are struggling to maintain the same turnover that we used to have 4 or 5 years back. And our project -- we were told that PET project will increase our margins. And I don't think we have got enough return after spending INR 200 crores on that project. Has that been a failure?

Ashish Kumar Srivastava: No. I think as far as the recycled polyester fiber project is concerned, we have started seeing traction. And you will see that what we have now partnered with different other companies where we can again move up from the basic polyester to value-added products. So even there, the margins are improving. In fact, the last quarter has seen a turnaround.

The PET bottle project was largely dependent on the raw material pricing, which was reasonably volatile in the past few years. Now there is a bit of stability which has come in, which can give

us a very clear forecast on how this business is going to move. That is as far as the fiber business is concerned.

As far as the yarn business is concerned, while we do understand that the peer companies, they've also kind of moved ahead. They have just not remained purely in the yarn play. They have either moved ahead from the upstream to midstream like into fabric or other things, which has kind of helped them. We have now initiated that journey. And hopefully, the results are going to come in the subsequent quarters.

Amit Agarwal: And can you guide me on the yarn prices compared to last year right now in the month of October, November, December? And how much are we affected by the U.S. tariffs? Has it affected our business? Or are we supposed to see some further slowdown in the demand of yarn prices as well as textile business being exported to U.S.A. because we have pretty good exports to U.S.A. right now?

Ashish Kumar Srivastava: I'll break this question into 2 parts. The first is on the domestic side and on the synthetic side, we have definitely seen a better yarn pricing than the previous quarter. So we have kind of improved on the synthetics as far as domestic is concerned. As far as the exports is concerned, one of the major markets for us was Bangladesh.

And as you would be knowing that due to the recent changes in the land route (the yarn not being shipped through the land route into Bangladesh) has resulted in problems for almost all the yarn suppliers. We are not into the commodity cotton yarn; we are into the melange yarn. And there, the lead times make a lot of difference.

So accordingly, our business, as far as the exports into Bangladesh is concerned, got affected, which was further compounded by the fact that the U.S. tariffs had come in and there was a little bit slowdown in the entire business in the domestic exporter segment. So both have kind of affected us. We are trying to navigate this entire environment. And I'm sure as the tariff settles or there is a clarity which is coming in, we will get back to our normal EBITDA levels, which is comparable to the peers.

Amit Agarwal: Could you throw some light regarding the yarn prices compared to last year, October, November, December and 2025?

Ashish Kumar Srivastava: So on the synthetic side, there's an increase of about 8% to 12%. On the cotton -- pure cotton side, there is actually a dip, but that is also coming because of the fiber pricing.

Moderator: The next question is from the line of Vikram Suryavanshi from PhillipCapital.

Vikram Suryavanshi: Firstly, you said that capacity of 86% is optimal capacity. But in the past, we used to have even a scenario where 90-plus percent utilization was possible. So that 86% remain optimal because of sales mix or any other reason?

Ashish Kumar Srivastava: So I'll explain this a little bit. We have the 86%, what it talks about is on the installed spindles. As far as the running spindles are concerned, we are still at about 94%. Looking at the market

scenario, there is a deliberate attempt to (for now) temporarily shut about 15,000 spindles, and that is where the difference is coming.

Vikram Suryavanshi: Okay. And that INR15,000 for melange or synthetic?

Ashish Kumar Srivastava: So 15,000, we were running on the raw cotton, primarily. And in the raw cotton, we realized that we are not so competitive, and it was prudent to kind of temporarily close it till the time the markets or the pricing becomes a little more favourable to us.

Vikram Suryavanshi: Understood. And you also talked about cost optimization because if you look at our results, large part of margin is a function of raw material price and selling price of yarn and that has impacting our margin. But apart from that, the cost optimization front, what are the levers we are talking about, which can really help us to improve margin apart from the raw material's selling price?

Ashish Kumar Srivastava: I think the biggest is going to be the product portfolio. We are diversifying our product portfolio. We are looking at more value-added yarns. Earlier, we were purely into synthetics, the poly viscose and 100% polyesters, or the cotton melange.

What we have added to our kitty is a couple of new offerings, which are in the form of industrial yarns, which go into different other applications or even the fire retardant yarns, which has very specific application in technical textile. And as we kind of move up this value chain, we think the overall contribution is going to be beneficial for the company.

Vikram Suryavanshi: But cost optimization side, particularly like employee cost or other maintenance costs or something, are we already optimized? Or is there any scope?

Ashish Kumar Srivastava: No. So I think one was on the demand side. On the supply side, what we have done, we have or we are in the process because obviously, we realize the fact that our overall manpower cost is a little higher as compared to the industry. The journey to rationalize or, let's say, reallocate the right workload is already on.

And possibly by quarter 4 of this year, you will see some results coming out there. We are also aggressively looking at: workload rationalization on the supply side and at identifying the non-value-added, nonessential activities and looking at automating them. So these are the 2 things which we are working on, on the supply side.

Vikram Suryavanshi: Okay. And is there any average number of spindles which are like quite old and we need modernization and which can help us in terms of productivity, or more or less most of the spindles are like modern one?

Ashish Kumar Srivastava: It's continuous. You have to understand that we have been operating in the environment and we can't take a large capex and moderning. So there is a clear plan of what spindles to modernize at what time. More importantly, we are also trying to see the spindles which we have, they can be put to which particular product segment use, where they can be useful. So that's the reason why where we are looking at different kind of products, which can dovetail into what our current infrastructure is.

- Vikram Suryavanshi:** Understood. So if you can give what would be CapEx for modernization or annual CapEx guidance for this year or next year broadly?
- Ashish Kumar Srivastava:** So I can give you a rough idea while we have kind of prepared a very clear plan. I can tell you what capex is we have already deployed in the current year. We have a committed capex of close to about INR 58 crores as of now for this particular current year. And we are looking at based on how the markets are kind of ramping up. There is approval of the Board of a similar amount as we go forward for this current year.
- Vikram Suryavanshi:** Understood. And broadly, what would be the spread in synthetic and melange currently per kg basis?
- Ashish Kumar Srivastava:** So if you can define what the spread, I mean, typically, what is that mean by the spread?
- Vikram Suryavanshi:** Selling price minus raw material cost after adjusting the wage
- Ashish Kumar Srivastava:** Okay. So our overall raw material cost is roughly about 55%.
- Vikram Suryavanshi:** Okay. And what would be the ideal scenario where we would like to have raw material cost as a percentage, which can give a decent margin?
- Ashish Kumar Srivastava:** So again, I think it all depends on -- more than the raw material cost because raw material cost is a function of the fibers which we use. And I mean, since we are kind of moving into more value-added products where the selling prices kind of play, this can change. But ideally, it could be anything between 50% to 53%.
- The important piece is the other cost, which is basically the power and fuel cost, which in our case is reasonably high, and we are attempting to correct that. Our power and fuel cost is roughly about 12.2%. And I think once we fully operationalize our renewable plants, we can shave off at least 2% out of this. And then obviously, in the overall employee cost, where, again, we think there is a margin to shave off a percentage or 2 percentage.
- Vikram Suryavanshi:** Understood. And last question, sir, from my side about our recycling or grain plant. We heard that there was concern about -- as an industry in terms of getting raw material as well as the cost of raw material, which partly highlighted. So for us, how much would be like concern for us getting raw material or pricing of raw material given the scenario we are?
- Ashish Kumar Srivastava:** So I think, Vikram, the point is that in the recycled polyester, PET bottles obviously remain a very important ingredient. And unfortunately, this sector is reasonably unorganized. But what we have done over a period of time is kind of brought some kind of a visibility in the entire supply chain. And that is where we think for the quantity which we need, we typically maintain about 45 to 55 days of raw material, and we have been able to maintain that, and that has helped us in maintaining the raw material prices.
- Vikram Suryavanshi:** Okay. And what would be the average cost per kg for raw material?
- Ashish Kumar Srivastava:** So it's roughly about INR44 to INR45 per kg of the raw bottle, which we buy.

- Moderator:** The next question is from the line of Khush Mehta, who is an individual investor.
- Khush Mehta:** I just wanted to understand on our Kathua plant that it was shut down for a month or 2 in the first quarter, and it has impacted our capacity in the first quarter. But how is the view now in the quarter 2 and going forward?
- Ashish Kumar Srivastava:** Thank you, Khush. The Kathua plant is fully operational now. Whatever we had in the quarter 1 because of the unforeseen war situation, we were quick to kind of come around, except for one of the things which is again a new phenomenon, is the unseasonal or very large, very huge rainfalls, which happened. But that also affected the business just for about a day, not more than that. So we are right now operating at full capacity as far as our Kathua plant is concerned.
- Khush Mehta:** Okay. And is there any cost inefficiencies because of that? So we'll be able to made up for the lost production?
- Ashish Kumar Srivastava:** The capacity lost is lost. Overall, what we are wanting to do, either through product optimization or the improvement in the efficiency or reducing the cost. How do we make up from all these factors in the coming 2 quarters is going to be our endeavour.
- Khush Mehta:** And coming from that, there are a lot of external factors impacting not only our business, but a lot of industries are impacted because of U.S. tariff as well. So what's your view there because we have some export to U.S. as well and roughly 50% is tariff in that. So what do you think there must be a shift in the customer behaviour because they have been pushing their orders ahead. They'll be waiting for the terms changes, price renegotiations and there has been order cancellation. And they have been buying very limited for maybe a month or less than that. So what do you think -- what's happening in this concern?
- Ashish Kumar Srivastava:** We firmly believe that we'll get to a solution before the end of this year, although nobody has a crystal ball to kind of clearly forecast what's happening. Meanwhile, what we are trying to do here is because you see we are a yarn supplier. I'll address it in 2 parts. One is on the yarn side, the other is on the home textile side.
- On the yarn side, we are supplying most of our yarns into Bangladesh, Turkey, Latin America and all. In Bangladesh, if you actually look at the overall exports of garments to U.S., it is just about 21%. Now in that 21%, obviously we will get affected. The other segment as far as the yarn is concerned, is what we used to supply to the local exporters who were majorly looking and catering to the U.S. market.
- The exporter segment in India, supplying to U.S. where we were supplying yarns and the Bangladesh segment of that 20% is where this effect is quite prominent. However, what we are trying to do is obviously look at non-U.S. customers within India or the exporters which are catering to the non-U.S. customers or exporters which are catering to the non-U.S. customers in Bangladesh.
- Besides that, we have intensified our marketing effort in other countries where we could. So we have kind of opened up Egypt, there obviously is a favourable duty as far as the U.S. is

concerned. So we have started exploring new markets. It has given us some results. And hopefully, in the coming time, we will be able to balance whatever. Even if the situation remains where it is, we should be able to balance our pricing mechanism and get the contribution, which we like.

On the home textile segment, yes, we were directly exporting into U.S. But as I mentioned, the products which we do are catering to the premium end. And in the premium end, the effect is not as much as in the commodity segment. Also, a lot of our products get shipped or as they say, drop ship to Vietnam where the final product is done, let's say, the overall sofa sets and all.

For our home textile business, our order book remains robust, and we don't see much effect happening. But as you rightly said, customers are cautious. They are placing the orders which they need, and they are not necessarily building up the inventory. So accordingly, we are also calibrating based on what the customer requirements are.

Khush Mehta: Understood. And you also mentioned there has been impact because of Bangladesh also, and you are focusing on new customers, new countries. So are there any customers we are in the final talk or something like that? Anything on that front?

Ashish Kumar Srivastava: As I said, Egypt is one country which we have opened up. In Europe, we have started with a lot of value-added yarns. And I think it's a whole cycle. The first shipment goes, they test the entire thing before they place. So the cycle has started. Hopefully, the results will come in a quarter or 2 for us.

Khush Mehta: Understood. And also in the presentation, you did mention that in home textile specifically, there will be a limited stores, active stores around 625. And now I guess, company is around 520 or 530. So what is the plan from moving from 520 to 620?

Ashish Kumar Srivastava: We, in fact, have kind of cut down from the number of stores or number of point of sales as far as domestic is concerned. And the Nesterra is a very small piece of our overall home textiles. We are not in a rush to open up stores. We are looking at what the response is coming from a particular market. And if there is a particular need, then only we'll open up a new store in the same city or in a new city.

Khush Mehta: And have you made any targets from each basically average revenue from each store we'll be targeting going forward, anything on that front?

Ashish Kumar Srivastava: I think we have our internal benchmarks, and that is what we review. The dashboards are there. And based on that only, we take calls as to where to go and how to go.

Khush Mehta: So like we have been -- like there is a positive movement in that front, right?

Ashish Kumar Srivastava: Yes. I think. Our focused approach in this area is giving us the desired results.

Moderator: The next question is from the line of Nish Shah from Stellar AMC.

- Nish Shah:** So just one question. Sir, you said on the value-added products, you are focusing more. So are we seeing any good traction there and adding new customers there?
- Ashish Kumar Srivastava:** For sure, I think that's a whole journey. And when you move into the new value-added products, there are other issues also which kind of come around, which is in form of compliances and forms of certifications. So we are in process, and we have seen some very encouraged adoption of these kind of products. So we are definitely moving in this line, and the customer response is reasonably good on this.
- Nish Shah:** Okay. So 2, 3 years down the line, what do you see on value-added products as a percentage of total revenue?
- Ashish Kumar Srivastava:** So our target is that we want to replace at least 33% of our product mix into this value-added segment.
- Nish Shah:** Okay. So -- and how are the margins do differ from normal products?
- Ashish Kumar Srivastava:** So they are definitely much more encouraging. Initially, we follow a market penetration strategy. And then later on, we build on that. So because there -- the good part is - the net margins are quite healthy. I mean they are in double digits, let's say, if you were to kind of compare it with what happens out here.
- And also, they are not easily replaceable because once you become a part of the strategic supply chain, the replacement cost becomes much, much higher. So the stickiness with the customer increases as we move up the value chain, as we move up into more value-added products.
- Nish Shah:** Okay. And one more thing. In the -- we have seen some improvement in latest quarter. So how do we see going forward this year, next year?
- Ashish Kumar Srivastava:** So as I said that we found this quarter to be stable. There were (in this quarter) certain 1-time expenses of forex costs, which we had incurred, which obviously will get diminished as we kind of move forward. So we are very hopeful to build from what we have delivered in the quarter 2.
- Nish Shah:** So any growth guidance if you can give for like FY '27 or something?
- Ashish Kumar Srivastava:** I think it will not be right to kind of give you a growth guidance because the market situations are changing. They are reasonably volatile. If things remain where they are, we will be much better than what we have delivered in Q2 is all I can say.
- Moderator:** As there are no further questions from the line of participants, I now hand the conference over to the management for closing comments.
- Sachin J. Karwa:** Thank you, everyone, for joining the conference call. Looking forward to see you in the next quarter.
- Moderator:** On behalf of Sutlej Textiles and Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.