sutlej
textiles and industries limited

SUTLEJ TEXTILES AND INDUSTRIES LIMITED
Lotus Corporate Park, 'E' Wing, 5th/6th Floor,
185/A, Graham Firth Compound, Near Jay Coach,
Goregaon (East), Mumbai 400 063, INDIA.
Phone : (022) 4219 8800/6122 8989 Fax (022) 42198830
E-mail : info@sutlejtextiles.com Website: www.sutlejtextiles.com
CIN. : L17124RJ2005PLC020927

19th February, 2026

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

Dear Sirs / Madam,

Subject: Transcript of Q3 & 9M 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 nine months ended 31st December, 2025 which was held on Friday, 13th February, 2026. The same is also available on the website of the Company i.e. www.sutlejtextiles.com.

The conference call held on 13th February, 2026, as per the Transcript enclosed incorporates mainly the highlights of financial results upto 31st December, 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 VINOD CONTRACTOR
Digitally signed by MANOJ VINOD CONTRACTOR
Date: 2026.02.19 12:01:27 +05'30'

Manoj Contractor
Company Secretary and Compliance Officer

“Sutlej Textiles and Industries Limited

Q3 & 9 Months FY '26 Earnings Conference Call”

February 13, 2026

MANAGEMENT: **MR. ASHISH 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

Moderator: Ladies and gentlemen, good day, and welcome to Q3 and 9 Months FY '26 Earnings Conference Call for Sutlej Textiles and Industries Limited. As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone.

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

Sachin Karwa: Thank you. Good morning, everyone, and welcome to the earnings conference call of Sutlej Textiles and Industries Limited for Q3 and 9 months ended December 31, 2025. I will begin with a brief overview of the operating and financial environment, followed by our performance end for the quarter.

The third quarter continued to be challenging for textile industry globally. While there has been optimism around recently announced FTAs, we believe the actual benefit will take some time to materialize as seasonal order placements were largely finalized earlier. At the same time, the industry faced persistent headwinds and elevated raw material prices, currency volatility, geopolitical developments and logistical issues, particularly in Bangladesh.

Despite these challenges, Sutlej has delivered a stable and resilient performance in Q3. We have recorded an improvement over Q2, both operationally and financially, and we expect Q4 to build further on this momentum, especially in terms of profitability.

On the cost side, raw material prices increased during the quarter. Even as demand remained relatively muted, polyester and viscose prices, although impacted by higher crude and currency movements, remained largely stable, while cotton showed a marginal decline. Our fiber business played an important role in supporting the yarn segment by providing stability and partial insulation from volatility. As a result, combined yarn and fiber margins have improved sequentially.

We have also started seeing the impact of our cost optimization initiatives, employee cost rationalization and operational efficiency measures have delivered around 30% to 40% of the targeted benefits so far, with the further improvement expected over the coming quarters. These efforts are largely translating into gradual operating margin expansion.

From a utilization perspective, our fiber and home textile divisions are operating at planned levels. Yarn utilization remained stable, although certain capacities continue to face margin pressure due to raw material inflation. Overall, we remain disciplined in aligning production with demand and profitability rather than chasing volumes.

Talking about quarterly financial performance, the stand-alone total income came in at INR640 crores, which was lower by 2% on a year-on-year basis. Gross margin was at 46%, which was higher by 350 basis points on a year-on-year basis. EBITDA increased over 200% on a year-on-year basis and stood at INR25 crores with a margin at 4% for the quarter.

PAT was reported negative INR11 crores. On balance sheet position, our balance sheet position remains under control, and we continue to follow a prudent approach towards working capital and capital allocation. Maintenance capex is being incurred as planned, while future growth capital will be evaluated holistically, aligned with product market optimization opportunities and value-added segment.

With this, I would now invite our Whole-Time Director and CEO, Mr. Ashish Srivastava, to share the business and strategic update.

Ashish Srivastava: Thank you, Sachin, and good morning, everyone. Let me come direct as to where we stand. Q3 performance improved sequentially. Q4 should be better than Q3, and we are executing our strategic pivot with precision. But more importantly, what you are seeing in these quarterly results is the foundation of something larger, a transformation from a commodity textile player to an integrated platform company with a clear path to value creation. The FTA announcements have created positive sentiment, and we welcome that.

But we are not waiting for policy benefits to flow through. We are driving results through execution today. Let me walk you through what we have accomplished in this quarter and more critically, where this positions us for the future. Starting with the business performance, we have achieved 3 significant wins that demonstrate strategic progress, not just operational management. Our market diversification, we have opened newer markets in Far East and in Africa, adding to our existing international presence.

Now this isn't just a geographic expansion for the sake of it. It's a deliberate risk mitigation. Bangladesh, which faced severe logistical disruptions, now represents a smaller share of our export book. We have protected volumes while reducing concentration risk. And frankly, this was a test of whether our diversification strategy works under pressure. It does.

The pipeline for additional market entries in Southeast Asia and Latin America is active and progressing. Export volatility isn't going away. We are clear eyed about that, but our market footprint is now structurally stronger and more resilient. Domestically, we are seeing strong traction in synthetic and blended yarns, which validates our strategic shift towards higher-margin technical products where customer switching costs are higher than our integrated capabilities, provide a genuine competitive advantage.

Now let me address the elephant in the room, home textiles and the tariff question. Our revenue growth continues in this segment, and here's why. We are positioned in complex design-intensive products that cannot be easily replicated or substituted. We are not competing on price in commodity segments where tariffs would hurt us.

We are competing on design capability, technical complexity, and speed to market in the premium end of the market. Order visibility in this segment remains healthy through Q1 of next year. Yes, customers globally are managing inventories cautiously, but our order book reflects strong demand for our specific capabilities.

The turnaround in this division is complete, and it's now a growth and margin accretive business, not a restructuring story. What ties all this together is our integrated model. And this is where I want to spend some time because it's central to understanding our competitive advantage. The fiber business isn't just putting yarn. It's providing stability that stand-alone yarn players simply cannot replicate. When raw material volatility spikes, our internal integration absorb shocks and competitors must either pass through to the customers or absorb in their margins.

This is precisely why our combined fiber-yarn segments improved sequentially despite cotton and polyester price pressures. While yarn profitability remains under pressure from raw material inflation, the integrated model is holding. And more importantly, it positions us to capture value across the entire chain as market conditions normalize, which brings me to the bigger picture, where we are taking this company.

We are not just running these 3 separate businesses. We are building an integrated textile platform with specific defensible capabilities that unlock adjacency opportunities. And I want to be very clear about what this means in practical terms.

Our platform today comprises backward integrated fiber manufacturing with polyester, multi-category yarn production across synthetic cotton and blended segments, design-led home textile manufacturing with complex product expertise, established distribution across 15-plus countries and with diversified customer relationships and process excellence that meets global technical standards. Each of these capabilities took years to build. The question we have been asking ourselves: Where else can we deploy these capabilities to create value?

We have identified clear paths, and these are not theoretical. We are already in pilot or evaluation stages as far as these paths are concerned. First is technical textiles and performance fabrics. Our fiber and yarn capabilities position us naturally to enter industrial textiles, automotive fabrics and protective textiles. These are higher-margin, specification-driven segments where our technical expertise and quality systems are directly transferable.

Second is sustainable and circular products. And this is where market pull is accelerating faster than we initially expected. Customer demand for recycled polyester, bio-based fibers and traceable supply chain isn't a 'nice to have' anymore. It's becoming a requirement in several markets. Our integrated model allows us to develop closed-loop systems, also giving us the flexibility of using post-consumer waste where required in our fiber production and creating fully traceable yarn to fabric solutions.

We already have PV cycled PET, and this isn't a CSR positioning. This is a commercial opportunity where customers will pay premium and where regulatory tailwinds in Europe and North America are creating structural, not cyclical demand.

The third path is vertical integration into downstream applications. Here's a key point I want to emphasize. These adjacencies leverage our existing platform. We are not diversifying into unrelated businesses or chasing growth for growth's sake. We are extending into segments we already have a competitive advantage, where our capabilities are differentiated and where the economics are superior to our core business today.

Capital allocation will be disciplined. We are conscious of our targeted IRRs and payback periods. Where possible, we will prioritize asset-light models through partnerships and tolling arrangements. On cost and efficiency: Employee rationalization and process improvements have delivered till now roughly about 40% of our targeted annual savings. The remaining benefits will flow over the next 2-3 quarters, but this isn't a onetime cost reduction exercise. We are embedding continuous improvement into how we operate.

On utilization, we are being deliberate. We are not chasing volumes at suboptimal margins. Fiber and home textiles are at planned utilization. In yarn, we are running capacities where we have pricing power and product differentiation. As our product mix shifts towards value-added segments, utilization will increase without margin dilution.

Our investment thesis is straightforward. We are transforming from commodity textile player to an integrated innovation-driven platform company. Our businesses are improving sequentially.

Our strategic priorities are funded and on track and our platform capabilities unlock adjacencies that create differentiated value for all stakeholders. Customers get innovation and reliability, employees get a growing sustainable business to build careers in; and you, our shareholders, get improving returns on more resilient, higher-margin business model.

External headwinds are here. Raw material volatility, geographical uncertainty, currency movements are all there to stay. We are not dismissing these. But our strategic direction is clear, execution is disciplined, and we are building structural competitive advantages that compound over time.

Q4 should demonstrate our continued momentum and the next year will demonstrate strategic transformation. Thank you for your support and continued trust in Sutlej Textiles. Happy to take any more questions which might come.

Moderator: Thank you very much, sir. The first question is from the line of Nish Shah from Stellar AMC. Please proceed.

Nish Shah: So my first question is on the margins. The margins have improved slightly this quarter, but they are not still at comfortable level. So what are the key levers which can improve margins from here?

Ashish Srivastava: So I think as I addressed in my speech that basically, what we are looking at cost efficiency because that's something which is internal. Markets, while we don't have direct control over the consumer or the customer demand, but we are looking at market diversification, which is a process which is on. And third and the most important, which is inherent to our growth is product diversification or product value upgrade. So we have seen some benefits accruing in the last quarter, and we are confident that this trend is going to only continue in the coming quarters.

Nish Shah: Okay. So what margin levels are we comfortable at?

Ashish Srivastava: So I think it will be right now speculative of me to kind of put in. Let the Q4 set in, and we'll all see where we are kind of heading to. But all I can say is that we are in the right direction.

Nish Shah: Okay. Sir, just one more thing on that. So given that the margins we'll be seeing positive from Q4, let's say, the revenue, what revenue level do you see comfortable to see a PAT turning positive?

Ashish Srivastava: So I think, again, we are right now focusing on the operating margin, right? And what we are saying, we are not chasing volume business. So it's more about a turnaround through internal controls and product upgrades. Now as the product upgrades happen, the top line automatically will increase. But it's not that we are adding volumes in our non-value-added segment. So even at similar top line, we can expect much better margins. That's what we are chasing at this point of time.

Nish Shah: Okay, sir. Understood. So are we actively reducing our exposure to low-margin segments?

Ashish Srivastava: For sure. So within the 3 clusters, home textiles, we are, in any case, in the niche segment where the margins are comfortable. Fiber segment is truly supporting the growth. And as far as the yarn is concerned, it is our stated objective that in about a year's time, we want to move 1/3rd of our portfolio into value-added yarns. Now obviously this will mean that our bottom line will get supported to a large extent when we clearly pivot and kind of execute this road map.

Nish Shah: Okay. Sir, with the India and U.S. trade situation evolving, sir, what could be the potential risk or opportunities for our business?

Ashish Srivastava: That's a good tailwind is what I can say. Now you see what happens is that even if it gets operationalizes in the next 2 weeks or 3 weeks, the real effect of this will only be seen in about 2 quarters because you see the placement of the orders which had to happen, if you were to look at from the customer side for the spring/summer has already been done.

So it takes a cycle before people will want to kind of come around and look at increasing exposure into India. But it's a very welcome change is all I can say. It's a welcome change. It brings the sentiment quite positive, and it will help boost the apparel trade and the textile trade also for the country.

Nish Shah: Okay, sir. Understood. Sir, given the Bangladesh issue, sir, I mean issue leading to long-term pricing pressure or do we believe...

Ashish Srivastava: So I think yesterday was a big event there. We are hoping that once the results come, then there is an elected government which comes into place. And all discussions can only happen with an elected government. Till now, it was an interim government. So it was difficult to kind of get our point of view to them. So once the elected government comes in, then possibly things might change, and it might open bigger opportunities. It might again reset the Bangladesh-India trade ties.

Nish Shah: Okay, sir. Got it. Sir, given the entire global demand uncertainty and Bangladesh trade disruptions, are we seeing any demand patterns changing for mélange and synthetic yarn? Is there some change in customer preference? Or how is it, sir?

Ashish Srivastava: So I think what is happening is that, obviously, the lead times when it goes away. So on the synthetic side, the domestic market is quite buoyant. I mean it is growing. So that is where most of the thing goes. We also have in the synthetic side dyed segment, a lot of knit applications which are coming in. So a new product category is kind of emerging. So that is quite a good change, which is kind of happening.

On the mélange, cotton mélange, we see some trend moving from mélange to yarn dyed because again, because of the speeds and everything else. And because that was on the mélange, I mean, they wanted to not hold larger inventories because that has been the case with most of the retailers. So there is a small change. We are also calibrating at our end as to how we can balance or make capacities fungible between our fiber dyed and our yarn dyed cotton.

Nish Shah: Okay, sir. Got it. Sir, last question. Sir, recently, there was an article on that if we purchase -- India purchases U.S. cotton from U.S., there will be no tariffs, and similar option is also given to Bangladesh. So what impact will it have?

Ashish Srivastava: So I think if you see, till December last year, they had opened up the cotton import side without duty. So it was already there. Now after December, they said that you can import the cotton. Now what effect it will have will all depend on what customers are kind of looking at. Whether we also are waiting to see the fine print that if we are importing the cotton, the U.S. cotton, whether those garments are going duty-free. There are certain restrictions as I understand that there will be certain quotas, I mean, certain quantity quotas and all which are there. So we are waiting for the fine print to kind of come in and then only we will be prudent to kind of comment on it.

Moderator: The next question is from the line of Sanskar Raja, an individual investor.

Sanskar Raja: My questions are focused on home textile segment of ours. Sir, what is the strategy in this segment? Are we focusing more on growing the volumes aggressively? Or is the focus more on improving the margins and strengthening the product mix?

Ashish Srivastava: No, in my introductory comments what I have said is that our home textile business inspite of the increase in tariffs, did not face any headwinds. That was purely because we are positioned in a design-intensive products and which cannot be easily substituted. Supply chains cannot move. So we continue to work on this strategy on focusing on more value-added pieces in the home textile. And we are looking at a market diversification.

So while we are doing reasonably okay in the U.S. market in the segment, there are enough opportunities which are presenting themselves in different other geographies. The other thing which we are looking at in the home textiles, we have incubated the whole made ups story there. And that has contributed to some revenue in this year. We are going to build the made ups.

As I said, I mean, how do you go from midstream to a little bit of further midstream, not really the downstream where you not only do just the substrate, which is the fabrics, but also provide the products, whether it is something like a bed in a box or something like the kitchen over the table piece, that's something which we are evaluating. So to answer your question straight, we are looking at operating in the value-added segment and continue to grow that particular piece.

Sanskar Raja: Okay, sir. And another thing was on order book. You did mention we have order book visibility till Q1 in your opening remarks. Would you like to quantify that in some context or could give you -- could you just say whether it's a strong order book or something?

Ashish Srivastava: No. These are the whole entire home textile business, part of it is the catalog business, part of it goes into the U.S. market or the Europe market. When I say the order book, there is a visibility of FY Q1, which means I have a reasonably long order book, which is close to about 120 days.

Now that may also force us to relook at debottlenecking some of our capacities so that we can really take advantage and build our volumes also in this segment. So it's a good problem to have. We are trying to see how to kind of streamline this entire piece.

Sanskar Raja: So this answers my near-term visibility, but what about the long-term visibility of this segment? So do you think this segment could be a meaningful profit contributor in the long term, say, over the next 2 years or 3 years?

Ashish Srivastava: For sure. Sorry, continue. I mean, complete the question.

Sanskar Raja: Just wanted to say, will this be a meaningful profit contributor? Or will yarn be our core focus of the business? Like how is the situation.

Ashish Srivastava: So at this point of time, this is just about the home textile piece is just about 7% to 8%. We want to build it to 20% of our total volume -- total top line. So we are going to double the business in home textiles.

Sanskar Raja: Okay. So with that aim in our domestic markets, I can see our total active stores in this segment was around 480. So are we thinking to add more stores?

Ashish Srivastava: So I think our domestic strategy is slightly different. We are going to focus more on modern trade and more on OEMs as we would call it and also kind of grow our brand, which is homegrown brand called Nesterra. So these are the 3 things which are where we are focusing on and growing on.

Sanskar Raja: Okay. And one last thing. Apart from the top 3 states that's mentioned in our PPT, that's Maharashtra, Gujarat and Delhi, are there any upcoming states that you would want to focus on?

Ashish Srivastava: Sure. We are looking at the South region very very closely and trying to see what is the best way to expand our footprint there.

Moderator: The next question is from the line of Raj Doshi, an individual investor.

Raj Doshi: So you have mentioned about the value-added products. So can we know what is the current mix of value-added product? And how do we expect it to shift meaningfully in the near future?

Ashish Srivastava: So I did mention that we would like to have at least 1/3rd of our products in the value-added segment, when I say the application segment. The yarns what we do, they go in for various applications. They go in for apparel, knit or woven. They go in for industrial applications. They go in for the technical textiles, basically the FR piece, which is there, and in the automotive segment. So this is from the application lenses.

From the fiber lenses, what I mean is that how do we move up from the basic cotton polyester viscose to either circular or post-consumer cotton, recycled polyester or other fibers like aramids or sustainable alternative fibers, which should form part of our portfolio. We are already engaged in almost all of them. We just have to build volumes in this.

Raj Doshi: Okay, sir. And how different are margins in value-added yarn compared to the regular yarn?

Ashish Srivastava: So if you look at the basic raw cotton, the grey yarn, which kind of goes in, the value addition, I can only give you the spectrum. I mean that's where the whole piece on value addition is the lowest. And it requires continuous investments, reduction of the power cost. And then on the extreme end. So I mean, a cotton fiber, maybe, let's say, is a $1.5 per kg, the fiber itself. And let's say, the aramid, which is there or the Kevlar, which is there is like a $40. So that's the spectrum.

Now obviously, when you look at somewhere in between or where you kind of come into sustainable hemp, it's somewhere about $5. I mean there is flax, which is there. There's Banana fiber, which is there. There's recycled cotton, which obviously gets your premium. So it's the whole straggle which is there. And as you go up the fiber chain, there is obviously a little better value which you can capture in the entire process.

Raj Doshi: Okay, okay, sure. But there is no any margin range which we could provide right now?

Ashish Srivastava: It all depends because there are challenges. If there is a 1x margin in the basic cotton, you could go up to at least 2.5x times in the specialty products.

Raj Doshi: Okay. Sure. And also related to cotton prices, now like there are -- there were price increases in cotton. So how did that impact? Like domestic prices were higher than the global level. So how did -- did it impact our exports?

Ashish Srivastava: Overall, it surely impacted for the country. But if you look at from the surplus point of view, in our total portfolio, cotton per se is roughly about 40% to 42%, right? And the balance is more the synthetics play which we have. And even in the synthetics, the prices have kind of gone up over a period of time. So in cotton, the price as which INR51,000, INR52,000 has gone up to INR55,000 in the range what we operate upon.

So yes, it did have an effect, but a lot of it because in the basic cotton, the pricing gets, normally when there is a cotton increase, gets passed on to the market.

Moderator: The next question is from the line of Deepak Karwa, an individual investor.

Deepak Karwa: So sir, my question is regarding the global conditions, like global scenario. And like what gives you confidence that margin can improve looking about the global condition uncertainty? Is it like cost reduction, better product mix or renewable power? Or is it something else?

Ashish Srivastava: So if we were to look at the global uncertainty, I think that is there to stay. That's an event. And you give strength to the event by the way you react to it or respond to it. So what we are seeing is that in a way, it is a good wake-up call for India. I mean, whatever the tariffs which kind of came into India because we were highly indexed, almost 33% of our total exports of the textiles was indexed into out of the $33 billion, $35 billion, which we do, almost $10 billion to $12 billion was U.S.

And obviously, the U.S. do offer the comfort of the larger volumes and continuous orders. But I think what it did to the community, and I think if you were to look back 5 years from now and see, it's a wake-up call because people have started looking at what are the options and evaluating how to derisk geographies even from a supply point of view. So A: newer geographies will open up. B: the cost efficiency and the process efficiency has to be there. That has become a hygiene. I mean you can't compete with a new age vehicle in the old construct, so to say.

So you would have to kind of invest there continuously if you have to remain in this entire business. You have to manage your energy cost as you kind of move forward on that. The value addition gives you the edge as we have seen that if you are into a segment where your stickiness is higher with the customer, it is difficult for the customer also to move away from you, inspite of everything what happens.

So that, I would say, value-added product, more integrated supply chain to the customer supply chain gives you the added advantage. Cost processes are the hygiene, which you need to keep in, and risk diversification is something which you need to be consciously working upon on different markets.

Deepak Karwa: Okay. So in the global environment, what we are focusing more on? Protecting our margin, even a volume slowdown, or we are prioritizing to maintain capacity utilization?

Ashish Srivastava: So I think it's a combination of both. It's not like a single strategy. One is, obviously, we are looking at diversifying the marketplace, which we have done a little bit. We have opened up 3 more markets in the last quarter, and that's a deliberate attempt, which has been done from our end. Now when you enter into a new market, obviously, you need to have a market strategy.

You may not necessarily command the premium because the customers will want to test you. And then once they test, once they understand the English you speak, you understand the English they speak, then possibly the relationship kind of grows.

So initially, maybe the margins are a little challenged because you want to build the market. And then slowly, once you kind of establish the proof of concept, then the relationship becomes a little more mature, and you can talk about a more long-term stable relationship with sustained margins with these customers. So what we are doing is diversifying the markets. We are also diversifying our product segment.

So initially, what was limited to only apparel segment, we are deliberately moving into automotive, industrial yarn segments, the FR segments. While the cycles are a little longer because it's a process of compliance and certification, but once you are done once they are sure of your quality, the stickiness increases.

Deepak Karwa: Okay. Sir, is it right to say that the current margin pressure is due to external factors or if it's something else?

Ashish Srivastava: So any crisis is an opportunity is what we believe that. And what you can't control is the external environment. But what you can control is the internal environment, right? I mean so obviously, cost efficiencies internally, whatever can be done. And never ever it is a single factor which affects your entire margin.

So it's a combination of both. What we are doing at our end is, as I said, looking at our process efficiency, which can give us a margin or two, whether it is the people cost or whether it is a non-value-added, non-essential segment getting automated or through value addition, which we provide to our customers, a value-added product. So it's a combination of both.

Moderator: The next question is from the line of Hari Kumar, an individual investor.

Hari Kumar: The first one is regarding our capacity utilization, like what percentage they are? And related to that, our quarterly run rate, it was almost reaching INR1,000 crores. Now we are back to INR650 crores. Is it due to low capacity utilization or pricing has gone down?

Ashish Srivastava: Our capacity utilization is roughly about 94% at this point of time. Now see, when the cotton was INR100,000, obviously, it's a direct pass out to the market. At that point of time, possibly our quarterly turnovers were in the range of about INR900 crores to INR1,000 crores. Now the cotton prices obviously got readjusted to the current of INR52,000- INR53,000.

So I think we have been operating in the last 8 quarters in, let's say, INR700 crores to INR600 crores kind of per quarter revenue rate. And we are maintaining that. It is a question of not chasing purely the top line. It is also about ensuring how the bottom line is kind of built upon in near time. That's the whole focus.

Hari Kumar: Okay. And the second question, sir, regarding this raw material conversion, like after this removal of import duty on cotton, has it turned favorable, sir? Raw material to product conversion difference.

Ashish Srivastava: No. So I think, again, it is what use it is going. See, the knit industry, the cotton knit yarn, which it goes, it is always under pressure, right? I mean if you just compare between India and Bangladesh, I mean, India, the Bangladesh yarns are at least 30% cheaper if they produce. 30% more expensive if they have to produce it locally. And that has been their grievance over a period of time.

So stabilized cotton prices bring in stability in the yarn prices over a period of time. But if you look at the India prices, India cotton prices, that has at least gone up by around 7% - 8% in the last 6 months.

What worries and what is more troublesome for the industry is the volatility in the cotton pricing. If it is volatile one day, it goes up by INR2,000, other days, it comes up --comes down by INR2,000. Nobody buys the cotton for the entire season in one go, right? So one has to kind of build positions as they go around. So volatility hits.

But the price for now has been stable. So your question was whether it has affected the conversion cost, not the conversion cost. I think the increase in cotton prices, if you are in the basic yarn, normally gets passed on. There is a lag for sure between the cotton price increase and the yarn price increase, but it has to kind of get passed on.

Hari Kumar: And lastly, sir, we are in a few companies to have a traceability like we have totally integrated. Like are we not getting the same pricing advantage, sir?

Hari Kumar: You are exporting to Europe especially.

Ashish Srivastava: Yes, yes. So I think we are building it up because I think that's what I said that we have all the components. It's about just putting it together and ensuring that we tap into the right markets who value this. Once the EU FTA comes into place, this is going to be one of the realities which will hit the textile players in India, how ready they are, whether it is the CBAM, whether it is the EPRs -- they will want the traceability.

And we are, not because that they want, but because we believe in it, making ourselves ready so that it's not about just saying that we do this, how do we demonstrate it? So that is the piece which is being worked upon at this point of time.

Hari Kumar: That will show in future profits?

Ashish Srivastava: For sure. If you see, the ESG scores are or SDG, I mean, whatever has been spoken about, it is not only from the customer side. Even from the financial institution side, they are offering concessional capital access to companies which adhere to their SDGs or which are there to committed to reducing their carbon footprints. And this has even come to India.

Moderator: The next question is from the line of Deep Doshi, an individual investor.

Deep Doshi: Okay. So with reference to the Slide 5 of the investor presentation, the yarn business, which is there. So in Q3 FY '26, when it comes to EBIT, you have made INR1 crore in that business. So just wanted to know like the yarn business contributes majority of the revenue, but the margins have remained under pressure. So what are you doing over here when it comes to the product mix or customer segments that can help the profits over here?

Ashish Srivastava: So 2 things. I think I did cover it initially, but I think specifically for the yarn business, 2 things which we are doing. One is working internally as to how we can reduce our costs. And there are

2 or 3 very clear levers on that. One is how do we reduce our energy cost because energy cost is roughly about 40% in the yarn conversion.

And the states in which we operate have one of the highest tariffs, whether it is Rajasthan or whether it is Himachal. So what is in public domain is what I can share that we have already kind of tied up with for renewable energy, and that benefit should start accruing in from quarter 1 of next year. That is number one.

Number two is on the cost of people. I mean, there, we had initiated certain changes. We have kind of converted the 3 units into 2 fulfillment centers. And we expect at least 150 basis points reduction in our manpower cost as we kind of move forward.

Deep Doshi: Okay, sir. Got it. That was like really helpful.

Ashish Srivastava: Yes. So that's the internal point of view. From the external side, there are obviously all that product play, geography derisking, how do we optimize more of mélange capacity, which became under pressure because of Bangladesh road transport coming to a halt. That's the go-to-market strategy. So we are working on both sides to see how we can best uplift the sentiment in the yarn business.

Deep Doshi: Okay. Got it. So can I expect some better profitability from Q4 onwards itself? Or should I some -- should I wait for some couple of quarters more?

Ashish Srivastava: So I think what we are seeing is there is an upward trend, and this trend will continue. Now inspite of the external conditions we have, we have kind of made these positive turnarounds. So they will only get better as quarter-on-quarter.

So it's not that I will say that -- it's not a hockey stick projection that it will dip for a few quarters and then it will come up. You will see improvement quarter-on-quarter. The real benefit of it, possibly we'll kind of realize in about 2 or 3 quarters from now.

Deep Doshi: Okay, sir. That was useful. And just a couple of questions more, if I can go ahead, please?

Ashish Srivastava: Yes, please.

Deep Doshi: Okay. So just coming to the market scenario. So I think that the industry is gradually shifting towards synthetic and blended yarns, right? So how are we positioned to benefit from this? And are there any plans of capacity expansion? Or what's our strategy? Are we focusing more on the specialty yarn side of things?

Ashish Srivastava: So I think when you say what you mean is actually the industry is pivoting more towards the activewear segment. Now in the synthetic, there are obviously different segments. One is the suiting segment, which is the poly viscose suiting, which goes into more of the formal wear. The polyester viscose knits, which forms a part of activewear segment. And then there are plays of fiber, which are micro denier, which gives you a different yarn and also as far as the spun yarn is concerned.

If you are talking about the filament yarn, currently, we don't have any plan to get into that filament yarn. Within the spun segment, whatever plays are possible, we are experimenting, and we are hopeful that the capacities which we have are good enough to capture the value which the market has to offer.

Deep Doshi: Okay. Got it. And this spun segment, what you were referring to, how is the response from the client side? Like are we getting a positive feedback from them?

Ashish Srivastava: So it's building up. You see, it's a cycle. I mean you test. But there is a positive sentiment on that is all I can say.

Deep Doshi: Okay. So got it. So can I just take one last question when it comes to the home textile business, please?

Ashish Srivastava: Yes, please.

Deep Doshi: So just wanted to know more about the competitive scenario in the market currently. So are we facing any pricing pressure from countries like Bangladesh, Vietnam or Turkey? I think you highlighted something about Bangladesh in the past. But can you just tell me more about the competitive intensity right now? And how are we trying to like face this? And just wanted an outlook about this as well.

Ashish Srivastava: So I'll give you a general outlook and then I'll talk specifically about subsets. You see the home textiles has a varied spectrum. I mean there is this whole over-the-bed segment, which is the bed sheets and everything which kind of goes around. Then there is this whole upholstery segment, which is more to do with the furniture, the curtains, and then over-the-table kind of segment, which is there.

Now the value chains in all of these 3 are quite different and intrinsic. So Bangladesh, for sure, is not a competitive competition as far as the home textiles is concerned because, they are more on to the fashion apparel side, which they kind of work upon.

The competition on this is, let's say, more from China and more from Turkey because that's where things kind of work around and also from Pakistan on the basic sheetings, which are more of polyester cotton. India has an inherent advantage of the cotton supply chain. And that's one of the biggest advantage. Almost 23% of the world cotton is in India is what we produce. So because of that inherent advantage which India has, the supply chains are not easily replicable.

Then coming specifically to subsets: we operate in the value-added, design complex, technical expertise required kind of a segment, where we have made our production facilities a little more modular to offer to our customers more value-added services like just in time or we work with them on a TCO basis, which is total cost of ownership basis.

So that segment remained protected even when the tariffs were 50%, which only goes to prove that there is reasonable price elasticity, which we can kind of dig in as we kind of move forward. So we will continue to operate in that segment. And we will only move a little bit of downstream there by offering a full bed in a bag solution or over-the-table products to the market, to the customers which we have.

Deep Doshi: Okay, sir. I got it. And this was really helpful. And anything about Turkey? I think you covered Bangladesh and Vietnam. Anything specific about Turkey as an investor, I should know?

Ashish Srivastava: No. Turkey obviously has an inherent advantage because it is closer to Europe. Most of the brands are looking at on-time supply. So inspite of whatever cost if they were to view it. So Turkey remains the country which is not again easily replaceable.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand over the conference to management for closing comments. Over to you, sir.

Ashish Srivastava: Thank you, everyone, for your continued support in Sutlej Textiles. If there are any further questions, you can reach out to us through our advisers, and we'll be happy to engage. Thank you once again.

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.