

09th May, 2022

BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. Scrp 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. Scrp Code: SUTLEJTEX
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Ref.: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sirs,

Sub: Greenfield expansion project - 89,184 spindles

The Board of Directors at its meeting held today i.e. 09th May, 2022, have *inter alia*, considered and approved setting up of a green field project for 89,184 spindles comprising of Cotton Mélange Yarn and PC Grey Yarn along with Dye House in Jammu & Kashmir at an estimated project cost of Rs. 914 crore which will be implemented around Q4 FY 2025. The project will be funded through internal accruals and debt.

The existing capacity of the Company in yarn production is around 4.21 lakh spindles. The Company operates at around 94 - 95% capacity utilization.

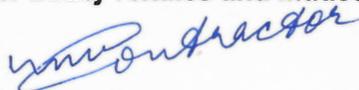
The rationale for the expansion project is given in Annexure A.

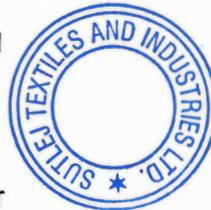
You are requested to kindly take note of the above.

Thanking you

Yours faithfully

For Sutlej Textiles and Industries Limited


Manoj Contractor
Company Secretary and Compliance Officer



Encl.: a/a

Annexure A

Rationale for Expansion

The entire Indian Textile & Apparel Industry after witnessing a strong recovery from the pandemic is now embarked upon a new trajectory of growth. Textile & Apparel (T&A) being one of the largest in world trade and exports is effectively in the midst of a gradual shift away from single source country and the efforts targeted at diversifying the supply chain. Since India's T&A value chain has underlying strengths in the form of country being a huge source of raw materials (India is one of the world's largest producers of raw cotton), with presence across the value chain and quality of the products, the aforesaid phenomenon is being considered as a huge opportunity for the Indian Textile Industry. Indian spinners and home textile players are being considered as the key beneficiary of this favourable trend.

The textile sector continues to witness robust demand. This positive outlook is further getting supported by a favourable policy in the form of Government's initiatives to enhance the ease of doing business, generate employment, create market access, correct sector's weaknesses like the lack of scale, boost textile exports, ambitious schemes like PLI scheme for MMF Segment, Mega Investment Textile Parks (MITRA) Scheme and Extension of RoSCT, RoDTEP and different FTAs already done or planned to benefit the entire textile value chain.

Besides strong improvement in capacity utilization, this has also spurred a series of aggressive capex plans across spinning, processing, made ups and garment manufacturing by major textile players.

With the 2nd largest spindle capacity in the world, the Indian spinners are seeing full utilization of their capacities and superior margins as the yarn business remains strong. The unprecedented growth and improvement in profitability over the last few quarters has been on account of China+1 policy and US ban on Chinese textile products made from Xinjiang cotton. With expansion in capacities, consolidation and export demand for Indian yarn still at reasonably good levels, the Indian spinning business is witnessing strong growth.

The Company is not present in the greige (grey) product segment. In order to compliment the dyed/melange product offering, the Company needs to have grey product in its product basket. In view of increasing demand of cotton/polyester blends across multiple categories of end use, there is market potential for grey blended yarns both in domestic and exports.

