

SUTLEJ TEXTILES AND INDUSTRIES LIMITED

“19th Annual General Meeting”

July 30, 2024

3.00 p.m. to 3:42 p.m.

TRANSCRIPT

Mr. Manoj Contractor - Company Secretary:

Dear Members,

Good Afternoon,

I welcome you all to the 19th Annual General Meeting of Sulej Textiles and Industries Limited.

The time is 3.00 p.m. and it is now time to commence the proceedings of the meeting.

This Annual General Meeting is being conducted through video conferencing in accordance with the provisions of the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI.

I have been informed based on registrations received from Members for this meeting, that the requisite quorum is present.

Mr. Chandra Shekhar Nopany, Executive Chairman of the Company shall chair this meeting.

I now request Mr. Nopany to commence the proceedings. Thank you.

Mr. C. S. Nopany - Chairman:

Thank you so much Manoj.

Good Afternoon Ladies and Gentlemen. I welcome you all to the 19th Annual General Meeting of your Company. I hope you are safe and keeping well. We have the requisite quorum present through video conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by Ministry of Corporate Affairs. The quorum being present, I call this meeting to order.

I am attending this meeting through video conferencing from Kolkata.

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

1. Mr. Umesh Khaitan - Independent Director and Chairman of the Nomination and Remuneration and CSR Committee.
2. Mr. Rajan Dalal - Independent Director and Chairman of the Audit Committee;

I think Mr. Amit Dalal is expected to join any minute.

3. Mr. Rajiv Podar - Independent Director and Chairman of the Risk Management Committee;
4. Mr. Rohit Dhoot - Non Executive Director;
5. Mr. Ashok Mittal - Non Executive Director;
6. Mr. Sameer Kaji - Additional Independent Director;
7. Ms. Deepa Kapoor - Additional Independent Director;
8. Mr. Arhant Vikram Nopany - Additional Non-Executive Director; and
9. Mr. Rajib Mukhopadhyay - Wholetime Director and CFO.

We also have amongst us; Mr. Amit Jain and Mr. Rohit Pokharna, representing M/s. B S R & Co. LLP., Statutory Auditors and Mr. Rajendra Chouhan, representing R. Chouhan and Associates, Practicing Company Secretaries, who are the Scrutinizers for this meeting and also the Secretarial Auditors of the Company. They have joined this meeting from their respective locations.

I now commence the proceedings of this meeting as contained in the notice dated 09th May, 2024.

Since the meeting is being conducted through electronic means, no proxies are allowed to attend this meeting.

The Register of Directors and the Key Managerial Personnel are available for inspection electronically.

I would now like to give a very brief perspective about the Company and the sector your Company operates in.

The global textile sector, in particular spinning, is passing through its most challenging year in living memory during the year under review. It would be pertinent to indicate to stakeholders that the sharpness of the decline was extended across 18 months, making it one of the most prolonged slowdowns in this sector, explaining the decline in our performance, marked by an unprecedented net loss and decline in revenues.

There were a number of reasons that contributed to the slowdown in the global textiles sector. The principal reason for the slowdown can be traced to the period following the pandemic of 2020, marked by a sharp revival in demand for textile products in the world over. Anticipating that this demand would extend, the entire textile chain globally embarked on building large inventories - apparel makers issued orders for fabric, fabric makers issued corresponding orders for yarn and yarn makers issued orders for fibre. The result was that the entire textiles value chain built a larger than routine inventory or what could be considered as normal.

When demand consumed itself and plateaued, what was until then a positive sectorial momentum began to turn negative; what started as a technical correction in realizations soon translated into panic and extensive liquidation. The situation was further aggravated by the sharp volatility of raw material prices like that of polyester, cotton, viscose and others that created uncertainty. All players across the value chain that built sizable inventory in anticipation of high demand now began liquidating their positions; realizations crashed; textile players were faced with marked-to-market losses and sectorial reinvestments were deferred.

The decline was also precipitated by the 'China plus one' phenomenon. During the pandemic, lockdowns across nations disrupted a stable global supply chain of material coming out of China. Since China was the largest supplier of a range of products, the disruption created a priority amongst large market-facing brands with the need to create alternative suppliers in other countries, moderating their excessive dependence on China and moving towards a broad-based supply chain.

In their endeavour to build alternative suppliers across non-China, global buyers issued large orders across countries. This, in turn, prompted manufacturers in those countries to increase their manufacturing capacities and build larger resource inventories. When the slowdown transpired, these players were not only stranded with larger stocks that needed to be liquidated but with larger Balance Sheets that needed to be serviced, a twin challenge.

The outbreak of the Ukraine and Russia war aggravated an uneasy textile sector. The war increased the cost of fuel, affected purchasing power in large developed markets, and moderated their textile imports. As countries began to discontinue the support provided to their economies in the wake of the pandemic, there was an increase in interest rates. What was only a sectorial slowdown gradually transformed into an economic slowdown across countries that affected consumer savings and spending.

The emergence of disturbance around the Red Sea affected freight rates as ships are now required to negotiate the Cape of Good Hope as opposed to the Suez. The result is that shipments take longer to be delivered and there is an increase in fuel costs for most related

companies. This has translated into a higher cost of staying in business, affecting overall profitability.

There were peripheral reasons that aggravated the slowdown: a revival in travel the world over and the accelerated launch of new gadgets moderated the consumer surplus normally available to buy more garments. There was an increase in consumer preference towards ethnic wear, moderating the offtake of conventional products.

The most squeezed within this value chain was the spinning segment, which comprises companies like ours that are predominantly in the B2B space. As the industry recoiled from a decline in demand in the developed markets of US and Europe, garment exporting countries like Bangladesh suffered a decline in fresh orders; this prompted such countries to stagger yarn purchase from companies like ours. When China returned to the global markets following its lockdown, it sought to carve away market share through an enforced price cut. This was most visibly reflected in the import of woven and knitted garments as well as garments that impacted yarn demand, adversely impacting domestic demand and eroding prices.

At Sutlej, we believe that a crisis is best when not wasted. We recognized that waiting patiently for market conditions to improve will not work; there was a priority to recognize realities, enhance responsiveness and to readjust. I am pleased to communicate that the decline in our performance would have been sharper but for the timely changes in our go-to-market strategy during the year under review. We strategically segregated our portfolio and drew out customized responses to each with projected outcomes ranging from the short-term to the long-term. This provided the Company with a phased clarity on projected investments and outcomes.

Sutlej, broad-based its product mix across applications that extended from apparel to the non-apparel sector. This was done to moderate an excessive dependence on textile applications that would keep us vulnerable as long as the sectorial weakness lasted; more importantly, the broad-basing of applications would help build a progressively derisked Company relatively insulated from market meltdowns.

We accelerated the development of yarn products that consumed a large proportion of recycled fibre manufactured within. This will open new markets for our products among large and responsible customers seeking to enhance the sustainability of their products. We believe that corresponding certifications will deepen our brand in this widening market segment.

We accelerated the research led development of new and specialized yarn varieties that prioritized consumer comfort and elasticity in blending applications. The focused development was directed at differentiating the Company from the herd, effective in

countering the emergence of lower priced alternatives and strengthening its brand as a Company that takes customers ahead.

We opted for financial prudence and deferred a sizable capital expenditure, including announcements made in the past, as market conditions transformed with speed and enhanced a priority for financial liquidity. This recalibration of the capital expenditure helped protect the Balance Sheet, reduced our overall business risk, and enhanced the organizational focus on portfolio responsiveness.

Sutlej exercised its working capital discipline at a time when sectorial liquidity was threatened. The management relooked every initiative; the result of this focus was that the finished inventories was reduced by 50% during the space of two quarters, making it possible to reduce the proportion of short-term debt within the employed capital. Following this right sizing, we are better positioned to resist the full impact of this slowdown without impairing our Balance Sheet.

Sutlej also remained prudently right sized in terms of its Balance Sheet during the last financial year. The debt-equity ratio was 0.84 as on 31st March, 24; the average cost of debt was 7.63% in FY 2023-24 and we repaid Rs. 203 crore in debt.

At Sutlej, we believe that we moved responsively during the last financial year in protecting ourselves from a full impact of the slowdown. These initiatives are expected to translate into a bigger and better realities - portfolio mix, time to market, product quality, environment responsibility and the overall cost of staying in business - during the current financial year.

The result is that the Sutlej today is a broad-based well-rounded organization too equipped to weather the downtrend in this sector with the capacity to capitalize with vigour to any subsequent rebound.

I must also take this opportunity to thank all those who have contributed to a deepening of this governance ethic - our Board of Directors who navigated the direction, our talent that actualized their blueprint, our suppliers who addressed our needs in a timely manner and our customers who trusted us during the downtrend.

I am particularly grateful to our shareholders who kept faith in our pedigree and prospects during this challenging period. I can assure you that when the worst is over, the improvement in our performance will more than compensate for your trust and patience. Thank you !

The Annual Report and the Notice convening the 19th Annual General Meeting has already been sent through electronic means. With your permission I shall take this as read. The Statutory Auditor's Reports for the Company's standalone and consolidated financial statements for the financial year 23-24 are unqualified. With your permission I will take these

reports as read. I would now I like to request the Company Secretary to read out the proceedings.

Mr. Manoj Contractor - Company Secretary:

Thank you Sir.

The Company had provided the facility of remote e-voting to Members for casting their votes on the resolutions set-out in the Notice convening this AGM. The e-voting facility was made available to the Members from 9.00 a.m. on Friday, 26th July, 2024 till 5.00 p.m. on Monday, 29th July, 2024.

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

Mr. Rajendra Chouhan, representing M/s. R. Chouhan and Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to oversee the e-voting process.

Members who have already voted through remote e-voting shall not be eligible to participate in the voting today. However, they can continue to participate in the AGM.

The results of the voting will be declared within two working days based on the Scrutinizer's Report and the same will be published on the Company's website and uploaded on the website of National Stock Exchange of India Limited and BSE Limited.

Thank you.

Mr. C. S. Nopany - Chairman:

With the permission of the Members, I now move the resolutions contained in the Notice of this AGM.

Since this meeting is through electronic mode, members will not have the opportunity to propose or second the resolutions. Combined results of remote e-voting and e-voting during the meeting, will be considered for approval of the resolutions.

The First item of the Notice is to receive, consider and adopt the Standalone Audited Financial Statements of the Company as at 31st March, 2024, along with the Reports of the Auditors and Directors thereon by way of an ordinary resolution.

Second item of the Notice is to receive and consider and adopt the Consolidated Audited Financial Statements of the Company as on 31st March, 2024, together with the Reports of the Auditors thereon by way of an ordinary resolution.

The Third item is by way of an ordinary resolution regarding re-appointment of Mr. Rajib Mukhopadhyay as a Director, who retires by rotation and being eligible, has offered himself for re-appointment.

Item number 4 of the Notice is regarding ratification of remuneration of M/s. K. G. Goyal & Associates, Cost Auditors for the financial year 2024 - 25 by the way of an ordinary resolution.

As I am interested in item nos. 5 and 6, I will request Mr. Umesh Khaitan, Director of the Company to Chair these items.

Mr. Umesh Khaitan - Independent Director:

Thank you Mr. Nopany.

The Fifth item of the Notice by way of special resolution is regarding re-appointment of Mr. C. S. Nopany as Executive Chairman of the Company for a period of 3 years with effect from 1st July, 2024 and remuneration payable to him.

The Sixth item of the Notice by way of a special resolution is regarding appointment of Mr. Arhant Vikram Nopany as a Non-Executive Director of the Company.

I now request Mr. Nopany to again Chair the meeting. Thank you!

Mr. C. S. Nopany - Chairman:

Thank you so much.

The Seventh item of the Notice by way of a special resolution is regarding the appointment of Mr. Sameer Kaji as an Independent Director of the Company.

The Eighth item of the Notice is by way of a special resolution regarding the appointment of Ms. Deepa Kapoor as an Independent Director of the Company.

The Ninth item of the Notice by way of a special resolution is regarding the appointment of Mr. Rohit Dhoot as an Independent Director of the Company.

Tenth item of the Notice is by way of a special resolution regarding the appointment of Mr. Ashok Mittal as an Independent Director of the Company.

I would now like to invite our shareholders who have registered for expressing their views at the meeting.

I request Mr. Manoj Contractor, Company Secretary, to commence the question and answer session.

I will respond to along with Mr. Rajib Mukhopadhyay to the shareholders after the shareholders have shared their views.

Mr. Manoj Contractor - Company Secretary:

Thank you.

So we have received requests from Mr. Shivam Agrawal, Mr. Prabhjot Singh Sahni, Mr. K. Bharat Raj, Mr. Yusuf Yunus Rangwala, Mr. Vinod Agarwal and Mr. Lokesh Gupta.

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

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

I now request Mr. K. Bharat Raj to unmute his audio and video and share your views please.

Mr. K. Bharat Raj - Member:

Hello. Hello, I am audible sir?

Mr. C. S. Nopany - Chairman:

Yes you are audible. Please go ahead.

Mr. K. Bharat Raj - Member:

Yeah. Very good afternoon Chairman. I am K. Bharat Raj talking from Hyderabad entire Board of Directors my very best wishes to you. Wonderful performance in this financial year sir. In entire chairman's speech you given information about company sir. Chairman sir regarding expansion plan, you have any plan to raise funds through Rights Issue, QIP, please let me know sir. You have any plans to another plan to be establish anywhere part of the India please let me know sir. Once again I thank secretarial services in time they send me the link and always helpful to us. Thank you Chairman and secretarial department. Once again my best wishes to you. All the best for coming year Sir. In this occasion of AGM sir, please send dry fruits sweets to speaker shareholders sir. Will be happy that how much you love us. Once again my best wishes to you and thank you for giving this opportunity. God bless you all. Signing from Hyderabad, Mr. Bharat Raj.

Mr. C. S. Nopany - Chairman:

Thank you so much.

Mr. Manoj Contractor - Company Secretary:

Next speaker is Mr. Yusuf Yunus Rangwala, I request him kindly unmute his audio and video and share your views please.

Mr. Yusuf Yunus Rangwala - Member:

Sir, aapko awaaz aa raha hai? Sir, aapko awaaz aa raha hai?

Mr. C. S. Nopany - Chairman:

Awaaz aa rahi hai. Boliye. Ekdum aa rahi hai.

Mr. Yusuf Yunus Rangwala - Member:

Wadakkam sir, wadakkam. Sir speaking from Mumbai. Speaking from Mumbai. Sir where heavy rain is going on, but aapke saath main, sir aapse baat ho rahi hai. Aapki company itna acha export kar rahi, itna business hai. What is the total number of staff at present? Sir aapka annual copy muze bhejna sir. Apna secretary saab Manoj Contractor saab ko sapramaan namaskar. Unki service sir laajawab hai. Aaj unhohne link bheja, aur unki taraf se message bhi aaya aur phone bhi aaya whether you are joining or not? This shows how our company is growing up. Sir ye apni company sir yaha pe hai na kya bolte hai south mein hai na if I am not mistaken. Apni company sir south main hai exhatly Selum main hai sir? If I am not mistaken. Apni company kaha par hai sir mein janna chahta hoon if you don't mind. Iss bare mein jawab dijiye. Kaha par hai apna registered office? Selum main hai sir? Nothing more to add. Sir, I am thanking our company share department and all the team. Sir muze bhi sweets bhejna sir. Mein first speaker ko mein join karta hoon. Sir phulo ki khushboo kaliyoki bahaar, aur apna hamesha saath rahe sir. Aur phulon ki khsuuboo ke saath hamesha rahe sir. Please send us some sweet and dry fruit, if possible sir. Aur ho sake toh factory visit karana sir, jai hind sir, no more questions sir, I support all the resolutions. Wishing you good luck sir, thank you sir, jai hind sir.

Mr. C. S. Nopany - Chairman:

Thank you so much. Jai Hind.

Mr. Manoj Contractor - Company Secretary:

Thank you.

I now invite Mr. Vinod Agarwal to unmute his audio and video and share your views please.

Mr. Vinod Agarwal - Member:

Yes. Can you hear me Sir?

Mr. C. S. Nopany - Chairman:

Yes we can hear you, please go ahead Mr Agarwal.

Mr. Vinod Agarwal - Member:

Chairman Mr. C. S. Nopany ji, our Director Mr. Rajan Dalal and Wholetime Director and CFO Rajib Mukhopadhyay ji, our CS Manoj Contractor, good afternoon to everyone sir. Sir, I have gone through your annual report, apna the revenue was less than the previous year, we suffered losses against the profit of the previous year but you have explained it well sir, it was due to the foreign markets didn't after the covid had the lot of inventory with themselves so didn't buy yarns and everything. So, it was the cycle which has affected you and you have cleared up your inventory and paid up debts also last year which is also very good. The debt, the short term debts you have paid up last year toh is very good sign sir. The debt which I am seeing in the annual report is about 844 crore and the cost of debt is also very low sir, 7.8% which is much less than the people who are paying 12% average for debt sir and debt equity ratio is 0.8421 another thing sir which I have noted from the annual report is that our home textile brand Nesterra is doing well but when I see the capacity utilization in the home textile business, we are just 44% sir. How are we likely to increase this capacity utilization from 44 to say apna 70-80% will be look after, you have to look into it sir because that also gives us better revenues and better margins. Textile otherwise Home Textile is value added product for our company sir and the yarn we are making sir is also very good, lycra, apna modal, viscose, blended and even yarn dyed yarns are very few people who make yarn dyed yarn sir which our company are able to do, mélange yarn. The only point which I was looking at Tirupur being the hub for t-shirt manufacturer, manufacturing we have got only 7% of revenue is coming from Tirupur sir. While Mumbai occurring 27%, all are good sir, Ludhiana and all are also good places sir. I think you should focus little more on to Tirupur section also where we can get extra revenues. Sir, I wish the company all the best sir, apna for the future sir and hope we get to see one of our home textile product like a bedsheet or something for us use sir which we have not able to see in the market sir. Abhi humko apna, if we get bedsheet or something it will be useful for us to see what our company makes sir. Thank you, signing off, Vinod Agarwal from Mumbai. Thank you.

Mr. C. S. Nopany - Chairman:

Thank you so much Mr Agarwal.

Mr. Manoj Contractor - Company Secretary:

Thank you Mr Agarwal.

I now invite Mr. Lokesh Gupta to unmute his audio and video and share your views please.

Mr. Lokesh Gupta - Member:

Hello, Sir aap muze sun pa rahe hai?

Mr. C. S. Nopany - Chairman:

Haan sun pa raha hoon Gupta ji, kahiye.

Mr. Lokesh Gupta - Member:

Sir, mein Delhi se Lokesh Gupta, aapka aur sabhi board members ka swaagat karta hoon. Sir, bahot samay se company ke shareholders hai, har saal aapke saath iss meeting mein platform mein judte hai. Chairman speech ho rahi thi jisme aapne company ke vartaman aur bhavishya ke baarein mein sab kuch bataya. Sir mein janna chahta hoon ki hum kis tarah ke steps le rahe hai jisse hamare margins increase ho sir aur healthy revenue hamare ko mile sir. Sir aapke leadership mein vishwas hai bharosa hai. Jo bhi kuch decision aap company ke baare mein lenge wo acha lenge aur share price jab company acha karegi tab share price mein bhi reflect hoga Sir. Sir ek acha platform hume mila hai.hamare saath iss platform pe meeting attend karte hai. Muze asha hai sir ki issi platform ko aage bhi use karenge sir hum. Ek secretary sir jiss tarah se woh mehnat, jis tarah se AGM ko conduct karate hai sir. Hum logo ko kabhi bhi saal mein aapse issi platform pe ek bar jud paate hai, lekin unse hum pure saal mein kayi baar judte hai, company ke baare mein maalum karte hai aur well time hume reply milta hai sir. Uske liye bhi unko bahot bahot dhanyavaad. Sir asha hai ki aap issi tarah se kaam akrte rahenge aur hume reward karenge. Thank you Sir.

Mr. C. S. Nopany - Chairman:

Thank you so much.

Mr. Manoj Contractor - Company Secretary:

Thank you Mr Gupta.

Sir, we do not have any other shareholders.

Mr. C. S. Nopany - Chairman:

Alright, thank you so much Manoj.

I will try to answer, I have got all the questions and try to answer the questions which were raised by the shareholders.

At the very outset, I would like to express my deepest appreciation to all the shareholders for the effort and the energy that they have given in analyzing the results and for their best wishes for the Company. That is a matter that gives us huge morale boost as far as the management is concerned. As I have already mentioned in my opening remarks, that the spinning sector has

been struggling and the last 18 months were difficult for us but the good news is that we are now seeing green shoots coming and in the current year our performance of course will substantially better compared to what it was in 23-24. Having said that I do see that it will gradually stabilize and profitability should revert back once there is some more stability as far as international economies are concerned. In order to ensure that we continue to be a value addition player as far as our business is concerned, we are continuing to develop and invest in new qualities and new products within our field to enhance value for the company, for our products and for our shareholders and that is where our investment is presently focused on, on improving efficiencies and reducing cost of manufacturing and going into higher quality higher revenue generating products whether it is non-apparels whether it is industrial products different type of products and this is something which is slightly long drawn out affair but it is already started paying results to us and we are already seeing as far as our performance is concerned in all are things and there is one of the reasons why we are not going for bulk commodity products where the margins are low in fact one issue was raised as to why we are not into particular area, it's basically because we have been very selective as far as our products are concerned and how to increase our margins and I hope that during this current year we should start improving furthermore. As far Home Textiles is concerned I am glad to report that the situation there is also improving, we are the positive EBITDA and this year our capacity utilization has crossed 70-75%. We are basically into upholsteries, cushion covers and these type of home textiles and not in sheeting's and so that is one point I thought let me clarify. I think I have tried to cover all the questions, in case I have missed out something we will be writing to all the shareholders giving them our answers in case anything has been left out.

So, I think this is as far as all the questions are concerned.

Mr. Manoj Contractor - Company Secretary:

Yes Sir.

Mr. C. S. Nopany - Chairman:

If I take it forward, the e-voting window shall now be activated for allowing the Members to vote during the AGM. Members are requested to vote by selecting EVEN: 129075 on your screen.

The Members who have not yet voted may cast their vote now.

The e-voting will end within 15 minutes from the end of this meeting.

All questions and queries received during the meeting will be responded to via email in the next couple of days.

On behalf of the Board of Directors and on my behalf, I would like to express my sincere appreciation for the continued co-operation, support and confidence reposed by all the stakeholders in the Company. I am sure Sutlej shall continue to receive your all-round co-operation and support in the future as well. Thank you so much for taking your time out.

And I will now declare the proceedings of this meeting as closed.

Thank you so much.

Mr. Manoj Contractor - Company Secretary:

Thank you Sir for chairing the Meeting.