

01st January, 2021

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. Script 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. Script Code : SUTLEJTEX
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Dear Sirs,

Sub: Revision in Credit Rating

We wish to inform you that the credit ratings of the Company have been revised as under by CARE:

1. CARE A; Stable (Single A; Outlook : Stable) for long term fund based loans from CARE A+; Stable (Single A Plus; Outlook : Stable);
2. CARE A; Stable / CARE A1 (Single A; Outlook : Stable / A One) for fund based - long term / short term - cash credit / export packing credit / pre-shipment foreign currency facilities from CARE A+; Stable / Care A1+ (Single A Plus; Outlook: Stable / A One Plus); and
3. CARE A1 (A One) for non-fund based short term letters of credit / bank guarantee facilities and Commercial Papers from CARE A1+ (A One Plus).

The rationale and key rating drivers are given in annexure to this letter.

Thanking you

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



Manoj Contractor
Company Secretary and Compliance Officer



(Govt. Recognised Three Star Export House)

ANNEXURE

Rationale

The revision of ratings assigned to the bank facilities of the Company factor in the weakening of Company's credit profile in FY20 on account of deteriorating operational performance and H1FY21 on the wake of COVID-19 pandemic, delays and cost overruns in setting up the margin accretive green fiber plant, and lower than envisaged performance in home-textile division.

The ratings continue to derive strength from strong business profile being amongst India's well established players in the value added dyed spun yarn/specialty yarn segment and experienced management in the Textile industry (especially spinning segment). The ratings also factor in moderate debt coverage metrics and comfortable liquidity position.

The ratings are further tempered by working capital intensive nature of operations, susceptibility to fluctuation in raw material/product prices and fluctuation in foreign exchange imparting volatility to profitability and cyclical & competitive and fragmented nature of the industry.

