

12th May, 2026

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Dear Sirs / Madam,

Subject: Transcript of Q4 and 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 year ended 31st March, 2026 which was held on Wednesday, 06th May, 2026. The same is also available on the website of the Company i.e. www.sutlejtextiles.com.

The conference call held on 06th May, 2026, as per the Transcript enclosed incorporates mainly the highlights of financial results upto 31st March, 2026, 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

Sutlej

textiles and industries limited

Spinning excellence since 1934

“Sutlej Textiles and Industries Limited Q4 and FY26 Earnings Conference Call”

May 06, 2026



**MANAGEMENT: MR. ASHISH SRIVASTAVA – WHOLE-TIME DIRECTOR
AND CHIEF EXECUTIVE OFFICER – SUTLEJ TEXTILES
AND INDUSTRIES LIMITED
MR. SACHIN KARWA – CHIEF FINANCIAL OFFICER –
SUTLEJ TEXTILES AND INDUSTRIES LIMITED
STELLAR IR – SUTLEJ TEXTILES AND INDUSTRIES
LIMITED**

Moderator:

Ladies and gentlemen, good day and welcome to the Q4 and FY26 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sachin Karwa, Chief Financial Officer. Thank you, and over to you, sir.

Sachin Karwa:

Good morning, everyone. And welcome to the earnings conference call of Sutlej Textiles and Industries Limited for Q4 and the full year ended 31st March 2026. I will begin with a brief overview of operating and financial environment highlighted by our performance for the quarter and the year. The fourth quarter was played out against an exceptionally challenging global backdrop.

FY26 was a year marked by significant macro headwinds. We navigated through the impact of India-Pakistan situation, geopolitical tensions in Middle East, disruption arising from U.S.-Iran development and the ongoing effects of global Bangladesh trade situations. These are not routine volatilities. These are the kind of events that test the resilience of any business.

Despite all of this, I'm pleased to report that Q4 has been the best quarter of the year, both operationally and financially. These numbers reflect the hard work and structural changes we have embedded into our business over the past quarters. On the cost side, employee rationalization and operational cost management have contributed meaningfully to margin improvement.

From a utilization perspective, our yarn division is operating at over 93%, fiber and home textile continue at planned levels. We remain focused on running those capacities where we have pricing power and product differentiation rather than chasing volumes at suboptimal returns.

Talking about the quarterly financial performance, the stand-alone total income came at INR699 crores, which was higher by 4% on a year-on-year basis. Gross margin was at 45%, which was higher by 329 basis points on a year-on-year basis. EBITDA increased over 115% on a year-on-year basis and stood at INR37 crores with a margin at 5.3% for the quarter.

For the full year FY26, stand-alone income came at INR2,585 crores, which was lower by 3% on a year-on-year basis. Gross margin was at 45%, which was higher by 233 basis points on a year-on-year basis. EBITDA increased by over 25% on a year-on-year basis and stood at INR85 crores with a margin at 3.3% for the year.

This year, our home textile business has turned positive. Our debt position is within our comfort zone.

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

Ashish Srivastava:

Thank you, Sachin and good morning, everyone. Before we come to our performance, let me set the backdrop. Context matters in interpreting these numbers. FY26 has been one of the most demanding years the global textile industry has faced in recent memory. The world has navigated a sequence of overlapping shocks. The India-Pakistan situation, escalating tensions across the Middle East, the U.S.-Iran developments, the continuing fallout from Bangladesh, sharp currency movements and a tariff environment that has reshaped cross-border textile economics almost in a real time. Raw materials markets have remained persistently volatile and global apparel demand has stayed soft as customers run the inventories tight. Several textile players have reported margin compression, capacity rationalization and inventory write-downs.

India, in my opinion, however, sits in a relatively favored position within this dislocation. China+1 continues to play out. The India-U.K. FTA is being operationalized. The India EU agreement is progressing and the NTTM PLI framework, PM MITRA Park provides structural tailwinds. The opportunity for Indian textile companies positioned right on product mix, markets and cost structure has rarely been clearer.

Against that backdrop, let me come directly to where we stand. Q4, as detailed by my colleague, Sachin, was one of our best quarters of the year. The full year was cash positive. EBITDA grew 25% year-on-year on a whole year where revenue contracted by 3% and EBITDA margins expanded fourfold within the 12 months from 0.8% in Q1 to 5.3% in Q4.

That combination, margin expansion through a softer top line year in an environment we have just described is the most important number on this call. It tells you the strategic pivot is working, and it is working through design, not luck. Last quarter, we said Q4 would be better than Q3. It is.

Now let me tell you why this trajectory will continue. Three strategic levers are driving the performance. First, market diversification, which is now structural, not aspirational. We have opened new markets, markets like Egypt in Fast and Far East geographies in wake of Bangladesh. Africa and Latin America are showing healthy traction, and our Southeast Asia pipeline continues to develop.

Concentration risk today is meaningfully lower than it was a year back. The India-U.K. FTA and the progress on India EU negotiations will open up structural new corridors for our value-added yarn and home textile portfolio. We are not waiting for those benefits. We are positioning to capture them as they flow through.

Second, product upgrade. Here also, we have been moving systematically from commodity to market-driven. The objective stands roughly converting one-third of our yarn portfolio into value-added segments over the next 12 months. And the contribution margin uplift is already visible in numbers.

On the fiber side, Sutlej Green Fiber, our recycled polyester and sustainable alternative fiber business has had a breakout year, operating at over 100% utilization. It is a high-quality ESG-aligned platform with structural demand from global brands seeking traceable, recycled content fiber and one of our most strategic long-term value drivers.

Third, and this is where we want to spend a little more time because this is what sets up our next phase of growth, our new value drivers. The first one being home textiles, I think from turnaround to growth engine, that's what we are aiming it to be. This was a restructuring story last year. It is not a restructuring story anymore. The order pipeline today sits at 180 days, the strongest visibility we have ever had, and that has come despite global headwinds.

The division swung from a negative INR3.5 crores to a positive INR8.4 crores at the EBITDA level in the last financial year. And our retail brand, Nesterra is scaling with sustained momentum. We expect home textiles to grow meaningfully faster than our conventional business, and we are positioned where it matters in design-intensive, technically complex products that cannot be substituted on price alone.

Next is the platform extension into technical textiles. We continue to extend the platform into adjacencies where our fiber, yarn and process capabilities are directly transferable into higher-margin specification-driven categories. The next step in this direction is a calibrated entry into technical textiles, a high-growth performance engineered vertical, beginning with protective textiles.

This is one of the fastest-growing sub-segments globally, driven by tightening safety regulations and rising defense modernization. The entry strategy is deliberately capital efficient. We will leverage existing manufacturing assets and integrated infrastructure, supplemented by incremental capex aligned to specific market and product opportunities. We will share more as the initiative reaches the milestones at which a substantial update is meaningful.

Last but not least, I think Sutlej has published its inaugural sustainability report. This is what I call is a good milestone for our stakeholders. This is not a compliance document. It is a structured articulation of how we intend to run this business over the next decade across climate action, circularity, water and energy stewardship, social impact and governance.

The report establishes our baseline, sets our commitments, sets our commitments and benchmarks us against the leading players in our industry. Why this matters commercially? Because global brands and large institutional buyers and now select suppliers now select suppliers on traceability, recycle content and credible ESG disclosure. These are no longer nice to have. They are increasingly preconditions to win businesses in the markets we want to grow into.

Our integrated fiber to yarn to fabric platform, combined with Sutlej Green Fiber proposition positions us strongly here. And the sustainability report formalizes this positioning. It will shape how capital capacity and product development decisions get made in this company going forward. On FY27, we want to give you a sense of direction rather than specific numbers. The year is yet to play out, and we would rather come back to you with each quarter's evidence. FY27

is a year we expect the company to cross the inflection point from margin recovery story to profitable growing, deleveraging businesses.

We expect EBITDA to expand meaningfully on the FY26 base, profitability to return after almost 2 years of losses and debt metrics to improve materially as cash generation strengthens. The drivers are in place. Yarn margin expansion to product mix, home textile scaling on a strong order book, Sutlej Green Fiber revamping further and continued discipline on cost and capital allocation. Our planned capex for the year is calibrated and milestone-based with every investment measured against payback, ROCE and strategic fit. We are not chasing growth for the sake of growth.

On yarn, the focus remains unchanged, preserve and expand margins through product upgrades, not chase volume in low-margin segments. On sustainability, having formalized our framework through the FY25 report, the next phase is execution, recycled cotton expansion, renewable capacity scale up, water and waste targets and integration of circular materials into our portfolio. This will be our competitive moat, not a compliance check box.

Three calls we can take from this call, which we will want you to take from this call. One, FY26 demonstrated that margin-led model works. EBITDA being up by 25% on a softer top line is a proof point. The strategic pivot is no longer a thesis, it is a result. Number two, FY27 will be a year of inflection. Direction of travel is profitability, EBITDA expansion and a clear deleveraging trajectory.

We will let each quarter speak for itself. Third, beyond the financials, the foundations of a longer-term equity story are being put in place. Sutlej Green Fiber is scaling, home textiles is growing engine. Our inaugural sustainability report formalizes the platform we are building, and we continue to extend that platform beginning with technical textiles into higher-margin innovation-led categories. That is the direction which the company is being reshaped.

We are equally conscious of the watch areas, forex hedging discipline, global tariff uncertainty and borrowing cost management. None are being deferred. Each is being actively addressed. External headwinds are real, and we are not dismissing them, but our strategic direction is clear. Our execution is disciplined and the structural advantages we are building will compound over time.

Q4 has demonstrated continued momentum. FY27 will demonstrate strategic transformation. Thank you for your continued trust and support in Sutlej Textiles. We will now open the floor for questions. Thank you.

Moderator:

The first question is from the line of Amit Aggarwal from Leeway Investments.

Amit Aggarwal:

My first question is that there has been news reports coming in that yarn prices have gone up since March. So can you give how much percentage -- throw some light on what percentage of the yarn prices increased compared to March? And how much bottom line will increase because of this yarn prices improvement?

Ashish Srivastava: I think the increase in yarn prices is commensurate to the increase in the raw material prices. I mean if you look at how the raw material price index is moving with polyester moving almost by about 30%; viscose, acrylic, cotton, all of them are on an upward trajectory. So at best, what is happening at this point of time is the increase in yarn prices is a direct result of the raw material price increase, which is currently getting passed on to the market, so to say. So what I would say is that there's no incremental contribution, which is coming to the spindles, but their margins are being protected at this point of time.

Amit Aggarwal: So do you think that it will improve the bottom line because ultimately, we are concerned about the bottom line, which has been negative in the last 2 years?

Ashish Srivastava: That is true. And as I explained that, I mean, we have very clearly spoken about how the journey we have taken and how quarter-on-quarter we have improved. And as I said that for FY27, that will be the year where the real transformation benefits the company will realize.

Amit Aggarwal: And my second question is regarding the Nesterra brand. Sir, usually, when the brand is launched, it's a new product, the growth per annum should be more than 20% or 30% because it's a new product. And there's a huge market in India as well as abroad. But in the last 4 or 6 quarters, our top line has been stagnated a bit. Could you throw some light on that?

Ashish Srivastava: Sure. So I think the strategy for our Nesterra brand is a very calibrated one. We are moving on a working capital-efficient model. It's not necessarily a complete retail story. We still have not gone into any franchise model or have opened our own stores. It's basically we are playing on our design strength and offering to the Indian market and working with LFSs, I mean, large format stores or the MBOs. And that's how the strategy will remain.

We don't want to really stock up our inventory by going directly into the retail segment as of now. As the home textile business grows, we will have a little more float to play around with this brand on Nesterra and build it accordingly. But it's exactly going as per what our plans are. So I do understand that the brand can become bigger, but owing to the plan which we have put into action, this is in line with that.

Amit Aggarwal: And my last question is regarding the inventory losses. So usually the inventory losses happen when the prices are -- prices are going down. But for last 6 months, the prices are on the upside. So how come these inventory losses are there? And do you expect any further inventory losses that has to be booked in this current year?

Ashish Srivastava: So let me just qualify this. We don't have any inventory losses as far as India operations are concerned. If you go a little deep, we had acquired a subsidiary in U.S. called American Silk Mills. That operation, we have kind of decided to close down or mute it down. So the losses on the inventory side is primarily coming from our holding in the subsidiary, which is in U.S. and not our India operations. I hope this clarifies.

Amit Aggarwal: Okay. And are we exporting to America? Are we substituting that product -- those products from India or will just stop altogether U.S. market?

Ashish Srivastava: No. So I think the whole value prop of that unit of that American Silk Mills, which we had kind of created was to buy fabrics from all around the world, the fabrics which India cannot supply and then work around with the retailers. Now given the situation which has happened, the retailers, the way they are sitting with inventories, what we realize is that it is better because those fabrics cannot be substituted out of India.

They are very high-quality silk jacquards coming from Japan and other Southeast markets, which are being given to the retailers in U.S. So what we have decided is that whatever our strength from our home textiles supply to the customer is, it is going to be direct. And U.S. in home textiles still remains a very large export segment.

So on the overall, if I have to give you a view, where exports is roughly in the home textile, 60% of our total business is around exports. And in that 60%, almost 60% is U.S. So we are servicing directly to the customers and not through the subsidiary, which was created earlier for the landed duty paid model.

Amit Aggarwal: So the conclusion is that has been a waste?

Ashish Srivastava: Well, in the hindsight, we can either call it a waste or it's a feedback in terms of we at least know what we can do right next time.

Moderator: Next question is from the line of Perna Jhunjhunwala from Elara Capital.

Perna Jhunjhunwala: Congratulations on steady improvement. So just wanted to understand the yarn business. How are -- how is the profitability changing in terms of various type of yarn like blended versus cotton? And what is your inventory storage policy in current environment when raw material prices are increasing? That's the first question.

Ashish Srivastava: Sure. So I'll break this into 2 parts. One is about the yarn business in terms of the margins. See Perna, thank you for the question first. And I think the way we have classified our business is that whatever we do is mostly the value-added segment of polyviscose. So it's not the polyviscose because we also dye the fiber. We also dye the yarn. So in terms of profitability, I would say the cotton melange, which we kind of do is number 1 on the profitability, followed by PV dyed and then the 100% cotton. So if these are the 3 stacks.

And we also do a lot of specialized yarns, which obviously is at a very high EBITDA profile or a high contribution profile. So in terms of ranking, the specialized ones the PV dyed and then the 100% cotton. So that's the stacking order.

The second part is in terms of the inventory policy, which we have, we maintain because on the polyester and the viscose, we are not tempted to kind of take long positions in any of the raw materials.

We are still maintaining a reasonable discipline on our inventory. We, at this point of time or we maintain typically 30 to 45 days as far as cotton is concerned and about 15 to 20 days as far as the other fibers are concerned, where the availability is never an issue. Price, of course, can be

an issue, but then it is always good to be a little prudent in terms of managing our working capital.

Prerna Jhunjhunwala: Understood. Sir, a follow-up on this. In blended versus cotton yarn, you mentioned that the profitability is right now higher in the dyed yarn segment. Given our earlier margins, if we -- if I recall, you used to be around 10% plus EBITDA margin business earlier when other value-added businesses were not there. Do you foresee that these kind of margins are coming back? Or where are we in that recovery journey?

And generally, cotton yarn margins are higher and blended went through a profitability issue. So if you could help us understand the breakup, how much is blended yarn for you? And where is the profitability and where do we reach in some time beyond 2, 3 years, however your plans are? So that would help us in understanding the trajectory over the longer term.

Ashish Srivastava: Sure. I will not like to be speculative in terms of giving you specific numbers, but I can definitely give you a direction. First of all, I'll explain you that as to where this dip is coming and why this dip is coming. Now obviously, we are a 9-decade old company right now, which have been set up. Now cotton, the whole cotton yarn business, 100% raw cotton yarn business, there are new generation of machines which are more power efficient. And obviously, our entry into renewable energy is also a little late.

So obviously, there, we stand at a disadvantage, both in terms of the production and in terms of the cost to produce those yarns. We are correcting that. We are getting into renewables. And if you go through our sustainability report, we have kind of very clearly given a path as to currently from 11% of renewable, how it will go to about 40%, so which will mean, obviously, that the power cost, which is roughly about 50% in the yarn cost manufacturing is going to get calibrated working around.

The other is we have also said that we want to replace almost 30% to 35% of our products into more value-added products. And our entries into segments like technical textiles or industrial yarns, there, that is more suited for our kind of working and the margins are much, much higher.

So I would say that we are on that recovery margin journey. When we will hit a double digit, well, it will all depend upon how the markets behave, how the raw material price behaves. It may be not right to speculate on that. But year-on-year, we are looking at a reasonable bump in our EBITDA margin or the operating profit.

Prerna Jhunjhunwala: Understood, sir. Sir, my second question is on technical textiles. Here, you are planning to be in yarn and fiber part of the value chain or you're wanting to move forward integration into fabric and garmenting as well. So just wanted to understand.

Ashish Srivastava: Sure. So I think if you look at Sutlej, we are an integrated play. It's just that our processing is based out of the processing for home textiles. There we have a capacity of almost about 2 million meters. So we already have the ecosystem. As mentioned in the specific note on technical textile, which was uploaded yesterday, we are looking at adding specific equipments, but our processing capacity already exists.

We are just supplementing some of it. And we are not looking nor we are going to look at yarn fiber in the technical textile space. We are also looking at fabrics. And if possible, looking at a full solution to our customers in times to come. So, we have adopted a crawl walk run kind of an approach here. Since we understand this landscape well, we are deliberate about our strategy in terms of how we move around.

It will all depend upon what market segments which we are kind of wanting to address and what are the needs. At the end, whatever we intend to be a solution provider to our customers and to the markets and whatever is required for them is what we are going to initiate our journey on that course.

Prerna Jhunjhunwala: And sir, my last question is on demand. Do you see these improvements panning out even if the demand is subdued because of the strategy change that you're looking forward towards value-added yarn? Or it will still be dependent on strong improvement in demand to which extent?

Ashish Srivastava: For most of these products in the value-added segment, there is already a demand. It's a question whether we can produce it right and to the specifications of what the markets are looking at. The challenge is ensuring that the product integrity is not compromised, and we are continuously producing a consistent product, which is required for the market.

Since we are just entering into, we don't see a demand per se a big challenge. We already have proof of concepts in this. We are looking at some technical adjustments in our entire process to ensure that we are aligned to the market needs.

Prerna Jhunjhunwala: Okay. And capex commitment for the year, any number that you would want to highlight?

Ashish Srivastava: Well, we have an internal plan, but our capex plan for the year is very much milestone driven. So what I can tell you is; last year, as per our numbers, we have done roughly about INR70 crores, which has kind of gone in. That will give the results in the coming year. This year, our budgets are obviously higher. It's very milestone-based.

I mean on quarter-on-quarter based on what numbers are coming in, we are going to trigger those capexes. But we have a reasonable capex plan. But at this point of time, just talking about it, maybe a quarter or 2 quarters later, we'll be coming out with more definite numbers.

Moderator: Next question is from the line of Rishab from Family Office.

Rishabh: So, I heard a discussion about yarn segment, but I just wanted to have some more clarity because our utilization has been really strong between 85% to 89% throughout the years, but our margins are still under pressure. And looking at the global situation where cotton prices have been pretty volatile and the demand from key markets like China and Europe has been very uneven.

So in the backdrop, what are the key steps are we taking to improve the margins and which will be in a more sustainable way instead of like cost control or something like that? If you can talk something about that?

Ashish Srivastava: Our yarn segment capacity utilization is at 93%, but percentage of effective spindle utilization is at about 89%. Now what it means is that what we have deliberately decided is, as I said, that we are not chasing the quantity, we are chasing the quality. So when we chase the quality, it obviously means that we are wanting to focus on the value-added products. The challenge on the value-added products is that it has to go through a cycle.

What you do is initially a sampling lot or initially a test order and then it is tested. So the whole feedback loop is anything between 6 to 9 months. So whatever we have kind of undertaken in the previous year, we will see those results falling in place even for the coming year. And that's where we believe we are wanting to do. So what we have very clearly said is that we have identified our hero products and we have also identified our laggards. And on the laggards, we are saying that at what point of time we say stop rather than continuing with them and keep focusing on building the hero product categories, which we have identified. That's the overall strategy.

Rishabh: Correct. Understood, sir. So basically, you'll be focusing more on the hero products and the value-added products, which you are mentioning, correct?

Ashish Srivastava: Yes.

Rishabh: And sir, on the home textile side, our revenue was around INR45 crores, and our losses have reduced sharply from, I guess, INR9 crores to INR1 crores this year. So which I feel our operating leverage is starting coming in. And also on the global level also, I feel demand is improving. And what's your view? Because I feel in the last 3 to 4 quarters, U.S. was majorly destocking their inventory.

But now after the clarity on the tariff side. Now I feel inquiries and orders would have started flowing in. And at the same time, we are targeting around 20%, if I'm not wrong, for the revenue in this segment. So what do you -- any commentary on this side?

Ashish Srivastava: Sure. So I think if you look at the home textile segment, I mean, there are different categories there. There is top of bed, which is where the bed sheet comes into play, the tapestry and the curtain where we kind of operate. And as we had kind of said and I want to repeat that we expect home textiles to grow meaningfully faster. And that is because we are positioned a little differently. We are positioned in a design-intensive technically complex product categories, which are not easy to replicate.

And that is the whole reason why in spite of the tariffs, our business grew is because of that because the replacement of those products are not easy. Our overall turnaround at the EBITDA level from a negative INR3.5 crores, we have kind of moved to INR8.4 crores of EBITDA. That's the story on the home textile. And we are very confident that we'll be able to at least double it or more in the coming year based on the strong order book position which we have and also the commitments which we have in place from our strategic customers.

Rishabh: Right. So is it fair to understand in the next 2 years, maybe on EBITDA level, it should be around INR18 crores to INR20 crores?

Ashish Srivastava: I don't want to put a number. If I'm right, if things go the way we have planned, you may see it in this year itself.

Rishabh: Okay. Understood, sir. Understood. I don't want you to put in a position. No worry. And sir, also on the technical textiles, which have been doing well for us. So in those products also, what margins are we expecting compared to our current business?

Ashish Srivastava: So typically, in a technical textiles on the protective textiles, the margin ranges from anything from 12% to 15%, depending on the product category, what kind of segments you are entering, whether it is inherent, whether it is treated. So there are a lot of complexities which will work around. But finally, the margin profile there is much better and more importantly, much sustained over a period of time. So that's the segment which we are wanting to target.

Rishabh: Correct. And sir, any specific industry are we targeting like automotive, health care or infrastructure wherein this fabric will be used? Any specific sector are we targeting?

Ashish Srivastava: So I think for protective textiles while, obviously, the application is, if you are going to look at the inherent FR or the treated FR, the industries which come into mind is basically the oil and gas, the steel industry. So these are specific industries which kind of come into place, but the application is much, much larger.

And what we believe is that because of the recent developments which have happened where obviously, the world is going after the oil and there is so much of damage which has been kind of created, there is going to be a resurgence of demand in this segment as we move forward, if we are able to put our house in order and deliver the products which we envisage to service.

Moderator: As there are no further questions, I'll now hand the conference over to the management for closing comments.

Ashish Srivastava: Well, thank you, everyone, for joining. I hope you found the interaction insightful. We look forward to engaging with you in coming times in a more intense way. Thank you so much.

Moderator: Thank you very much. On behalf of Sutlej Textiles Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.