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

18th November, 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 Q2 & H1 FY27 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 half year ended 30th September, 2026 which was held on Friday, 13th November, 2026. The same is also available on the website of the Company i.e. www.sutlejtextiles.com.

The conference call held on 13th November, 2026, as per the Transcript enclosed incorporates mainly the highlights of financial results upto 30th September, 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 VINOD CONTRACTOR
Digitally signed by MANOJ VINOD CONTRACTOR
Date: 2026.11.18 16:46:31 +05'30'

Manoj Contractor
Company Secretary and Compliance Officer

"Sutlej Textiles and Industries Limited

Q2 & H1 FY27 Earnings Conference Call"

November 13, 2026

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

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY27 Earnings Conference Call for Sutlej Textiles and Industries Limited. The management will be sharing the key operating and financial highlights for the quarter and half year ended September 30, 2026, followed by a question-and-answer session.

Please note that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. Documents relating to the company's financial performance are available on the stock exchanges and the company's website. Trust you have been able to go through the same.

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 the 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: Thank you. Good afternoon, everyone, and thank you for joining our Q2 and H1 FY27 Earnings Call. The textile industry continues to operate in an evolving global environment, characterized by geopolitical uncertainties, fluctuation in raw material prices and changing trade dynamics. Cotton prices have remained firm, while polyester and other synthetic fiber continues to be influenced by development in global crude oil and petrochemical markets.

Despite these challenges, we continue to see opportunities emerging from the diversification of global sourcing and India's growing position as a preferred textile manufacturing destination. The evolving trade environment and India's expanding trade relationships are expected to create opportunities for domestic textile manufacturers over the medium term.

Against this backdrop, our focus remains on maintaining operating discipline, optimizing our cost structure and strengthening our product portfolio to ensure sustainable profitability across business segments. Coming to our financial performance, we continue to build on operational improvements achieved in the previous quarters.

For Q2 FY27, our stand-alone income stood at INR833 crores compared to INR642 crores in the corresponding quarter last year. For H1 FY27, total income stood at INR1,537 crores. EBITDA for Q2 FY27 stood at INR53.4 crores compared to INR17 crores in Q2 FY26 with an EBITDA margin of 6.4%. For the first half of FY27, EBITDA stood at INR101 crores with a margin of 6.5%.

The improvement in profitability reflects the structural initiatives undertaken over the past several quarters, including product portfolio rationalization, operational efficiencies and a

sharper focus on profitable business. Importantly, the improvement is increasingly broad-based with all the 3 business verticals continuing to remain EBITDA positive.

Profit after tax for the quarter stood at INR6.7 crores against a loss of INR18 crores in Q2 FY26. For H1 FY27, the profit stood at INR9.5 crores against a loss of INR44.1 crores for the same period previous year. On the working capital front, there has been some increase, largely reflecting higher material prices and inventory requirements. However, working capital remains within the range envisaged by the management.

Our debt-equity ratio is approximately 1.1x and remains within our internal threshold. While we continue to invest in growth and modernization, our approach to capital allocation remains disciplined with a focus on funding investments through a prudent mix of internal accruals and existing financing arrangements. Overall, we remain focused on improving cash generation, managing working capital efficiently and strengthening the balance sheet as operating performance improves.

With this, I would now request our Whole-Time Director and CEO, Mr. Ashish Kumar Srivastava, to take you through the business development and strategic priorities.

Ashish Srivastava: Thank you, Sachin, and good evening to everyone. Over the past few quarters, Sutlej has been progressing through an important phase of business transformation. Our focus has been not just on improving profitability in the near term, but on strengthening the underlying business model to make earnings more sustainable and less dependent on external market conditions.

The progress which we are witnessing is increasingly driven by structural initiatives, improving our product mix, strengthening efficiencies, optimizing energy consumption and enhancing manpower productivity. This reflects the broad-based improvement across the organization and gives us a stronger platform to pursue our next phase of growth.

I'm pleased to share that we continue to make progress across all 3 priorities, which we had mentioned earlier. More importantly, the improvements we are witnessing are not confined to a single quarter or a particular business. They reflect the broader transformation in how we operate, the products we manufacture and the markets we serve.

The 3 priorities I would like to elaborate on. Number 1, strengthening the quality of our yarn business. Yarn continues to be our core business, and our strategy is centered on moving towards a more differentiated and value-added product portfolio. We are progressively strengthening our presence in dyed and melange yarns, along with a wide range of cotton and polyester-based new products.

The objective is to improve the overall composition of our portfolio, reduce dependence on commoditized products and enhance customer stickiness. Alongside product development, we remain focused on manufacturing efficiencies and cost discipline. We believe the combination of a better product mix and operational improvements will remain an important driver of our profitability.

Priority 2, building on a more balanced portfolio through our growth businesses. Our home textiles business has made some meaningful progress. Having stabilized operations, the business

is now seeing encouraging customer acceptance. The performance gives us confidence in the direction of the business, and our focus is on scaling it up while maintaining profitability. Sutlej Green Fibre is another important pillar of our portfolio.

Our focus is on developing differentiated recycled fiber products and strengthening customer engagement around sustainable materials. We see this business as an important opportunity to leverage our existing manufacturing capabilities while participating in the growing demand for sustainable textile solutions. In Technical Textiles, we are progressing towards commercialization and expect the contributions to begin from FY28. We believe this segment can provide an additional avenue for value-added growth over the medium term. The third priority for now, as mentioned earlier, is expanding our market reach mainly through an asset-light approach.

Market and customer diversification remain important priorities for us. We are making progress in newer export markets, particularly in Africa and Middle East, where we are seeing opportunities in finished fabrics. Our approach is to leverage our own yarn manufacturing capabilities and work with external weaving partners to supply finished fabrics, including polyester viscose fabrics.

This asset-light model enables us to move further up the value chain and access new customer opportunities without requiring significant investment in additional weaving infrastructure. We will continue to pursue opportunities across geographies while remaining selective about the markets, products and customers we engage with.

Last but not the least, disciplined investments to support the next phase of growth. As we look ahead, our capital allocation will remain aligned with our strategic priorities. Investments are being directed towards spinning capacity modernization and higher-value segments inroads with an emphasis on improving productivity and strengthening our competitive position.

At the same time, we remain conscious of working capital and leverage. Our objective is to ensure that growth is supported by healthy cash generation and that investments translate into sustainable returns. Looking ahead, we remain cautiously optimistic about the business. The improvement in profitability and progress in our value-added business indicate that the transformation is gaining traction.

While the external environment remains dynamic, we are confident in the strategic direction we have taken. Our priorities will continue to be improving the quality of our product portfolio, strengthening operational efficiencies, expanding our presence in growth segments and maintaining financial discipline. We believe these initiatives will help us build a more resilient, diversified and consistently profitable Sutlej over the coming years.

Thank you for your continued support and confidence in the company. We'll now open the floor for question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Amit Aggarwal with Leeway Investments.

Amit Aggarwal: My first question is regarding EBITDA margin. Sir, the EBITDA margin compared to quarter 1 hasn't improved much. Is it supposed to be the market conditions or we are the odd one out?

Ashish Srivastava: Thank you, Amit, for the question. I think our EBITDA margins have remained flat despite this quarter was basically there was a huge increase in the freight cost and the raw material volatility was also there. And as you know that there is always a lag between passing the complete raw material prices to the market. We see that while we have maintained the EBITDA margins, we could have done better possibly with the more stable raw material outlook and also the freight costs, which were exceptionally higher for the quarter.

Amit Aggarwal: Do you expect better margins in the next 6 months?

Ashish Srivastava: Well, it is -- I mean, as we always say that it is very hard to predict, but the direction which we have taken will definitely give us a better traction in quarters to come.

Amit Aggarwal: And my second question is regarding home textiles. Sir, it seems home textiles are growing at a slightly faster rate than the yarn business. So what is the volume growth for the half year compared to the last year? Volume growth, not the total growth?

Ashish Srivastava: Not the value growth. You wanted the volume growth, right? So if you were to look at home textiles, last year, we had kind of -- I mean, actually, what is happening is that we have grown in terms of meterage almost by about 30%.

Amit Aggarwal: So, that is the volume growth?

Ashish Srivastava: That's the volume growth.

Amit Aggarwal: So, the prices have remained stagnant, that means?

Ashish Srivastava: No, no. The prices obviously kind of gone up a little bit, but it is basically the mix. You see what happens is in the home textiles, we offer a whole portfolio. I mean we have certain basic fabrics and a lot of value-added fabrics, which are going to come in. In the value-added fabrics, which are basically the jacquards and the high design intricacies, which are, kind of, involved in that.

So it's the portfolio shift which has kind of happened.

Amit Aggarwal: Is it fair to assume that slowly, slowly home textiles will gain a bigger pie of our total turnover in the prices?

Ashish Srivastava: Yes. As we had mentioned that we are focusing and the capital allocation is going more towards businesses which will -- which we think can value more where we can get the maximum value. And home textiles is definitely 1 segment, which we have seen is, kind of, growing reasonably well for us. So yes, the short answer is that we will see better growth in the home textile business in the coming few quarters.

Amit Aggarwal: And how much capital is required to double the turnover from for home textiles only? How much capital is required for that?

Ashish Srivastava: So you see in home textiles, how much is the total when you say it's the gross block or is the capital employed in terms of working capital?

Amit Aggarwal: I'm talking about the fixed investments.

Ashish Srivastava: Fixed investments. So typically, you see what is the gross block -- I won't have the numbers offhand of gross block of -- just 1 second. Roughly, it's about INR110 crores.

Amit Aggarwal: To double the turnover that much from here to...

Ashish Srivastava: So turnover, which is, kind of, put in -- which we are envisaging in home textiles this year is in the range of about INR250 crores.

Amit Aggarwal: Yes. So is it fair to assume that we will achieve this by 3, 4 years -- in 3 years? Or is it too ambitious?

Ashish Srivastava: No, no. So let me just rephrase this. INR250 crores is our target for this year, which we will achieve in the home textiles. And the gross block at this point -- the block at this point of time is INR110 crores.

Amit Aggarwal: Okay. And in the longer run, is it fair to assume that home textiles will have a better margins than the yarn business?

Ashish Srivastava: Whenever there is a value add, yes -- so whenever there is a value addition because you see -- I mean, the entire -- if you were to look at the upstream, which starts from the fiber, then it goes to the yarn and then it goes to the fabric, right? So fabric definitely can give us a -- will give us a higher realization both in terms of the top line and also in terms of the contribution or the EBITDA levels, whichever you may want to take.

Amit Aggarwal: And my last question is regarding modernization of yarn unit. Has some money gone in modernization of the units in the last 2 years?

Ashish Srivastava: So yes, there is -- there has been money which has gone into the yarn units. In yarn units, our modernization at this point of time is focused on the value addition. So just to give you a flavor, we are modernizing our entire fiber dye unit in the yarn business as of now. And then obviously, we have a very phased approach of what spindles to replace in the coming years, which can give us -- which can help us a competitive advantage on manpower cost and also on the power cost.

Amit Aggarwal: And what is the total manpower being used right now in the whole business count-wise number of employees?

Ashish Srivastava: Total number of employees which are there in Sutlej Textiles?

Amit Aggarwal: Yes.

Ashish Srivastava: We are close to about 15,500 people.

Amit Aggarwal: Has it reduced in the last 2 years or it is the same or it has increased?

Ashish Srivastava: No, the headcount is actually reducing, and that's a deliberate attempt on our side. I mean if you look at our absolute labor cost, that is, kind of, remaining -- I mean, it's actually coming down or is static in spite of the increase of wages every year.

Moderator: Our next question comes from the line of Jay Unadkat with Navneet Education.

Jay Unadkat: So I wanted to discuss on the 2 aspects that you spoke about in your opening remarks that we are trying to improvise and shift our yarn capability from commoditized to specialized such that it improves yield and obviously reduces competition.

Also, the second aspect that you referred to that we are looking at modernizing spinning capacity such that our dependence on labor and power significantly declined. So as a combination, if I had to look at it, how much does this add to margins at level step one, where you upgrade your capability from commoditized to specialized?

And the second level of when you do more of this automation modernization, effectively reducing dependencies on labor, how much that adds to what you call improvement in margin? Because I just looked at the numbers in your presentation, your employee cost has already declined from 18%, 18.5% to 14%. So where does this really end up being eventually once this process is over? And then I have a follow-up, which I will come back with.

Ashish Srivastava: Sure. So I think, Jai, if you look at -- let's look at the peers, right? I mean there -- and I don't want to give a very forward-looking statement here. But if you compare the peers which we have, the overall manpower cost, I mean, people who are either purely in spinning or gray spinning starts from all the way around 9% and goes all the way to 12.5%.

So we definitely see a delta of about 1.5%, 2% if we, kind of, combine or if we kind of modernize our units because some of our spindles are reasonably old, some of our unit infrastructure is quite old. So we would be targeting that kind of a reduction in a very phased manner and working on that.

The second thing what you asked about the value-added mix, which we call as the VAP mix. So there, it's more to do with the stickiness with the customer. You see what happens is that if you do commoditized products, you might be -- and we don't look at -- I mean, the whole approach at this point of time in the company is to -- while definitely secure what the next quarter is, but also to see how we are building our competitive moat over a period of time.

So if we were to make that sustainable, then obviously, it's important that we move from commodity products to VAP, where, a, in the short run, the margin might not be good. But in the long run, once we start achieving economies of scale, both the margins look better and also the stickiness with the customer increases because that's what -- I mean, we want to be known as an innovative yarn company as far as the yarn segment is concerned.

Jay Unadkat: And if I may have a couple of other follow-ups. Since you've been amongst the oldest players in yarn and I understand from your experience that you guys have expertise even at the Board and team level. I have been having this observation that I make when I look at across listed companies and unlisted companies in India that a significant focus and capex have been aligned towards fabric garmenting and the forward part of what I call the value chain.

While there is significant under investments in the spinning capacities, if I may call it that way, is this observation, one, correct? And second, does this effectively imply a supply-demand mismatch which will get created and extend for a longer term. I'll tell you why I'm asking this to be more detailed on this is that historically, people have had this very strong opinion on the fact that yarn is a purely cyclical, kind of, a play where there's 1.5 to 2-year up cycle and then it comes back to normalize. And that has been, I think, because of the consistent capacity additions that we have seen in the past.

My observation is correct. I sense that there is some underinvestment at this point in time in spinning. And at the same time, it is coming where you have regulations in terms of traceability, which is what I hear from a lot of clients who are global buyers of Indian yarn.

If that any -- I don't know if that has any sense and what is your understanding of the same. But do these situations lead to a larger organized market and effectively shortages of supply? Or am I overreading the situation, if I may ask you?

Ashish Srivastava: No, you see -- I mean, broadly, what your point is, is right and your observations are also in the right direction. So if you see spinning -- I mean, before that, the fiber. But if you were to look at a little more historically, I mean, the total spindlage roughly, which is as far as our estimates, which are installed in the country is in the range of about 50 million to 55 million spindles, right? Out of which roughly in use is about 45 million to 47 million. See, this is typically a high capex item.

I mean -- and there is a constant capex, which, kind of, goes into it. But if you were to go a little deeper and look at -- and there were -- historically, there were various reasons, right? I mean, in India because there was -- for the capex, there was TUFS and everything else, which was helping them. But if you look at the capital effectiveness, which we call as the ROCE because of the high capex investment and also in India, primarily everything was cotton-based.

I mean the whole idea of it was cotton was readily available. Cotton was necessarily cheaper than international markets, and that was the arbitrage and that is how it used to work. And then there was a cyclical nature that 2 years of good time and 2 years of regular time. But I think over a period, a lot has changed, honestly.

I mean we have 9 decades of experience as a company, and I'm not saying me personally. But what we have done, and we have always, as a company, tried to stay ahead of the curve because while everybody was doing just cotton, we invested in fiber dye. I mean melange was our specialty.

When the focus was more on pure 100% cotton, we were into poly viscose and again, fiber dye and more of the filament because worldwide the market -- the apparel market because finally, it all ends up there, the cotton as a percentage is much less than the man-made fiber, than the MMF, right? So that's how it was done. And the second, what you said is that, yes, we were in heart, the core spinners.

So I mean, we could -- that's the area of -- that was the area of specialization. And the focus was more on doing the value addition on to the yarns, which we are supplying to the market.

Obviously, the market changed and there are more integrated players which have, kind of, come in. And maybe we are late in kind of entering into that segment, but that also has its advantages.

We don't have to repeat the same mistakes of what other people have done, and we can start afresh and we can go good. So at this point of time, we are building that entire portfolio. While yarn remains the core, as I said, the more of capex allocation is going into fabric and garments at some point of time will come in. We are more currently focused on what the market needs rather than what we can supply. That dynamic has shifted. I mean, earlier you produce the yarn and it will sell.

It will sell at a higher price or a lower price. But once you become a little closer to the customer, there are a lot of other players which come into action like sustainability piece, which the buyers want. So we are -- as I said, we are not preparing while we are cautious about our next quarter, we are also cognizant of the fact as to while we have come 9 decades, what is that which can help us move the next 5 decades. And that's how the whole plan is being worked out.

Moderator: Our next question comes from the line of Rahul Singh, an Individual Investor.

Rahul Singh: I just had a question. When we look at your historically, your return on capital employed, when we look at historically your EBITDA margins, they've been way below what the industry is. Is this just because we've got very old equipment that is just not efficient and you aren't able to compete? Is it that operationally, we don't have the right team in place?

We've got 15,000 employees, which is much more than what people with significantly lower scale have. So what exactly is going so wrong with the way in which we are running our operations relative to everyone else across the industry?

Ashish Srivastava: Hi, Rahul, so I would say that, that's an opportunity, right? I mean if we are what we are and how things are improving and if you are tracking us, we delivered INR85 crores of EBITDA last year. In the first H1, we have delivered more than INR100 crores. So that talks about the transformation, which is happening at Sutlej, right?

I would -- I mean everything, kind of, boils down, and I would not say that there is only one reason behind where we are. What we can talk about is that where is that we want to take this from here. So we are cognizant of the fact...

Rahul Singh: But if you can just start off with this understanding as to what has gone wrong because how can we be so off market for such a long period of time, which is very hard to understand how we could have won. So I just want to understand what's gone wrong and then what are we doing to fix it? And where are we going to actually end up?

And is it a structural issue with the equipment which we have, which is outdated in scale or whatever it may be? Or is there an operational issue? We just -- if you could just be actually honest with us and help us understand where you guys are coming from.

Ashish Srivastava: No, sure. So I think that's where -- I mean, if you look at how our results have been tracking for the last 6 quarters and how we are, kind of, working around. We are facing one thing at a time, right? And we are moving around. And it's not that we have always been bad.

We were always ahead of the industry maybe 3 to 4 years back. Things happened, things shifted because you see we are possibly one of the larger installations of spindlages. We are about 400,000-plus spindles, and yarn was our core business. What has changed in the last, let's say, 4, 5 years, there is a shift which has happened in the segment where we operate. Earlier, there was only the spun yarn, which used to rule the roost.

But then there is a lot of filament yarn which, kind of, came into the picture, which replaced it. So obviously, the cost competitiveness kind of got -- we got thrashed on that. Now any change which you kind of bring around and the factors which you spoke are the factors which we are cognizant of.

There is a -- the infrastructure was designed and we have been constantly upgrading. But obviously, the speed of upgradation has not been in line with what the market is demanding, and the newer technology has been kind of taking over. The product portfolio also needed a push, and that's what is being worked around.

So in combination, yes, machine upgradation has to happen, but machine upgradation alone cannot make us very competitive because we had to, kind of, pause and take a conscious look at which areas will help us -- it's like taking one step back to move 3 steps forward. So we do understand that there is an employee cost which is higher than, let's say, the peer group is.

We do understand that our machine infrastructure which can possibly give you productivity and yield which is a little lower. But if you look at our cost of materials consumed and you compare it with most of the other people which are in the yarn segment, we are reasonably competitive as far as the cost of material, so which means that our output is much, much better.

But it is the other expenses which are purely controllable. We did not go renewable to that extent as what our competition maintained. That's why our electricity cost or the power cost was almost about 12%, 12.5% last year. And it is now coming to 9.9% and it is going to further reduce. So these factors are known.

These factors are correctable, and that's what we are trying to do it. We are not -- it's like a running airplane. So it takes a little more time to fix things. But we also want to be very sure of what direction which we had to take, which we want to take. And that's why we are investing.

We are investing in the more downstream businesses where the value addition is much higher. We are in the process of upgrading our existing plant and machinery, but that requires -- obviously, I mean, it requires capex, and we are conscious of our capital allocation at this point of time.

Rahul Singh: So just want to know what actually went wrong? Like why did -- see, I mean, you look at even the filatextile of the world, you look at the Sanathan of the world. You look at even smaller companies in the textiles world.

All of them have been able to, especially in a time where there's a sort of cyclical high, if you will, with regards to the industry. So is it that we invested in the wrong equipment and we took a wrong call on the product? Or what went wrong? What's gone wrong?

Ashish Srivastava: So again, as I said, it cannot be attributed to only one factor. Now Sanathan, I mean, if you brought about Sanathan, Sanathan has an employee cost of 3.1%. It's one of the most modern plants. Let me say that. But the process is very automated.

We are not in competition with Sanathan because Sanathan does a very different, kind of, product segment. While they are in yarn, they are not in the spun yarn to the extent where we are. And each of the competition which you kind of named, we are cognizant of it, and we are kind of tracking it. So the simple answer is that we cannot attribute it to one thing.

Rahul Singh: But where I'm still not getting to here is what exactly -- like is it that -- because again, we are looking from actually a longer-dated period. We're happy to hold for 3 to 5 years or whatever it may be. There's no issue. The question is, look, the renewable angle is easy. It's low-lying fruit. There's no rocket science towards it, you just install renewables, right?

But is the equipment so outdated? Or have we made -- whereby effectively speaking, it's like we might as well junk this equipment and it's almost starting from scratch because I spoke to few other people in the industry, and there is older equipment, which can never be competitive against what the new equipment is. So are we just stuck with a lot of spindles which are just outdated? So we may have 5,000 spindles, but we need to actually junk half of them.

Ashish Srivastava: No, I agree with you. And I think this calls for a larger conversation, and I can walk you through as to what our strategy is and what our real finding is. At this point of time, I can only say it's a combination. Obviously, the equipment is one of the key factors because that affects not only the productivity, but also affects the manpower, which is, kind of, utilized on that entire thing. However, having said that, we don't want to do just modernization of our existing facilities.

We are to look at, again, having the same problem after 5 years. We are kind of looking at rebalancing our entire portfolio, where we are saying that while this is the capex, which area of the textile value chain we intend to, kind of, work on, where is it the fiber? Is it the technical textiles? Is it the home textiles? And we have taken steps there.

Because, as I said, just doing one thing won't help. So we have kind of created a laundry list of what we need to, kind of, work upon. And we are taking these priorities quarter-on-quarter, and the results are in front of everyone to see. But happy to take this conversation offline and walk you through entirely on what actually the strategy is and what is that we are wanting to fix. And by then...

Rahul Singh: Look, so I'm happy to schedule it offline, but it would be great to just understand step-by-step as to do we just have a bad asset, which we are trying to optimize and make the best of? Or is there a really good opportunity out there? Because that's the question which I don't know what the answer to is.

Ashish Srivastava: So I think -- so we are looking at some of the asset replacement in spinning. But at this point of time, as I said, we are very conscious of the fact that which is the areas where we can get -- as you said, renewable is the low-hanging fruit. We are investing there. Modernization, which can give us quick returns is where we are investing. We are modernizing our entire dye house.

So just to give you a perspective, and I mean, it's more directional than what -- our current dye house, let us say, if it employs close to 10 people, the new modern dye house which we are going to bring in is going to employ only 2. So which means the manpower cost is going to be reasonably different in the new dye house. Now you could say that why did we invest in dye house and not in the spindlage?

My answer is that we are looking at what is that is going to protect me in times to come. We are investing in technical textiles. We are investing in home textiles, which is where -- I mean, these are the pieces which we think will drive our -- will drive value for all our stakeholders in times to come.

Rahul Singh: Home textiles as an example, just to understand, it's a space where obviously, you've got established incumbent players who've got materially a larger scale. And while, of course, has been extremely lucrative and they have been able to be extremely successful, is that actually an area which -- because look, what our concern is that are we able to allocate capital well. That's the main sort of area of understanding because even in home textiles, I mean, it's a great space, but it's hard.

Ashish Srivastava: No, I agree with you. And I think, again, in home textiles, it is a very misinterpreted segment because home textiles consists of bedding sheetings, which is, again, commodity, and the very high end. So you have products which are starting from, let's say, USD2 a segment and goes all the way to USD10 a meter. So where we are in that home textile segment is basically in that USD5 to USD8 is where we are.

So we are into design. We had invested in American Silk Mills, which is a U.S. company for us. We are into basically drapery and tapestry, which is, in fact, one of the reasons why in spite of the 50% tariff which came into U.S., our business did not get affected because the cost of replacement of those fabrics was much higher for the customers, and they, kind of, stuck to the commitments which were given to us.

So even in the home textile space, I do understand that they are large players, but their product portfolio approach is very different. And as I said, happy to take you offline and then work around on what actually we are wanting to do.

Rahul Singh: Offline to understand better.

Moderator: Our next question comes from the line of Deepak Karwa, an Individual Investor.

Deepak Karwa: Sir, in Q1, like we have benefited from the product mix improvement and operational efficiency with the raw material spread and market conditions remaining volatile, how sustainable is the improvement in yarn profitability?

Ashish Srivastava: So I think, again, we have to look at it from the point of view. So short answer, I think the moat which we are creating is sustainable for us because what we are seeing is in spite of the current environment where freight costs almost went 3x. I mean a container which used to cost to go to Turkey for about USD2,000 went to USD6,000.

And to Latin America, again, which was USD2,500 went to USD10,000. And on these products, we are able to deliver this, kind of, a margin. I think what it only strengthens our belief that in spite of these market conditions, if we have been able to deliver this, we should be able to sustain or better this in times to come.

Deepak Karwa: Understood, sir. And following the turnaround in our home textiles, how has the order pipeline evolved in quarter 2?

Ashish Srivastava: Currently, we are actually -- I mean, we are booked for almost about 5 months. So that's the order pipeline visibility which we have in home textiles.

Deepak Karwa: Okay. So are we progressing towards that ambition of doubling the business over the next 2 years?

Ashish Srivastava: Well, that's the intent, and we are not wanting to rush into it, but you will see reasonable growth year-on-year. We are expanding -- again, we are investing in the yarn capacity there. We are investing in the weaving capacity there. Processing capacity, we have a reasonable amount already existing with us. So from the supply side, we are keeping ourselves ready.

At the same time, we don't want to dilute our design presence, which, kind of, drives -- and if you see our total focus has been more on exports than on the domestic market as far as home textiles is concerned. And also on the fabric side, we have started this new segment of PV fabrics export, which is purely for PV fabric exports, which means we take our own yarn, get it -- design it ourselves, get it woven outside and processed outside and then that's exported.

And the quality is very, very well accepted at this point of time. We have already done reasonable business in exports, and that also business is going to add to it.

Deepak Karwa: Understood. And one last question. Sir, in quarter 1, we indicated that our business has moved from qualification to sampling and trial like with a commercial contribution we are expecting from FY28. So I want to know what is the progress we have made on customer approval and program adoption since then?

Ashish Srivastava: So happy to inform that, see, as I said, Technical Textiles is largely a qualification business. And we have -- at this point of time, 4 of our products is already approved and is market-ready. We are just setting up. We are in no rush because, again, this is not like typical textiles where I need to, kind of, push volumes here. Our equipment is on the way as we talk.

They should get settled by the end of Q4. And that's why we are saying that from FY28, we will start -- I mean, we are ready to export. They are more -- their customers because -- our fabrics are approved by -- I mean, basically, the labs, which are from outside, not in India. And we've got it approved, and our customers are ready to accept those fabrics once we have the equipment in place and once we have the supply inside.

Deepak Karwa: Understood. So it is right to say we are on track for FY28?

Ashish Srivastava: We are on track for our FY28. I mean customers are planning earlier, but we can't deliver to them. So we are deliberately because this is where we'll build business in times to come. So...

Moderator: Thank you. We have no further questions at this time, ladies and gentlemen. I would now like to hand the conference over to the management for closing comments.

Ashish Srivastava: Well, thank you very much, everybody, and we look forward to more questions and more discussions in the coming quarters. Thanks for all your support.

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