



August 11, 2023

The Listing Department,  
National Stock Exchange of India Limited,  
'Exchange Plaza', C 1, Block G,  
Bandra – Kurla Complex, Bandra (E),  
Mumbai 400 051

**Symbol: PRECOT**

Dear Sir/Madam,

**Sub: Investors Presentation - reg**

Pursuant to Regulation 30(6) and Regulation 46(2)(o) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby attach an Investment Presentation for the quarter ended 30<sup>th</sup> June, 2023. The same is made available on the Company's website [www.precot.com](http://www.precot.com).

No Concall is scheduled for the above. This is for your information and records.

Thanking you.

Yours faithfully,

**For Precot Limited**

**S Kavitha**  
**Company Secretary**



**Reliable, Agile and Innovative**

## **Investor Presentation**

**June 2023**

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## Yarn & Threads

Incorporated in **1962**

**5 state of art** facilities with  
presence in  
**4 states of South India**

**1.65 lakhs** spindles  
70 tons yarn per day

**100% Compact Yarn** enabled

## Technical Textile

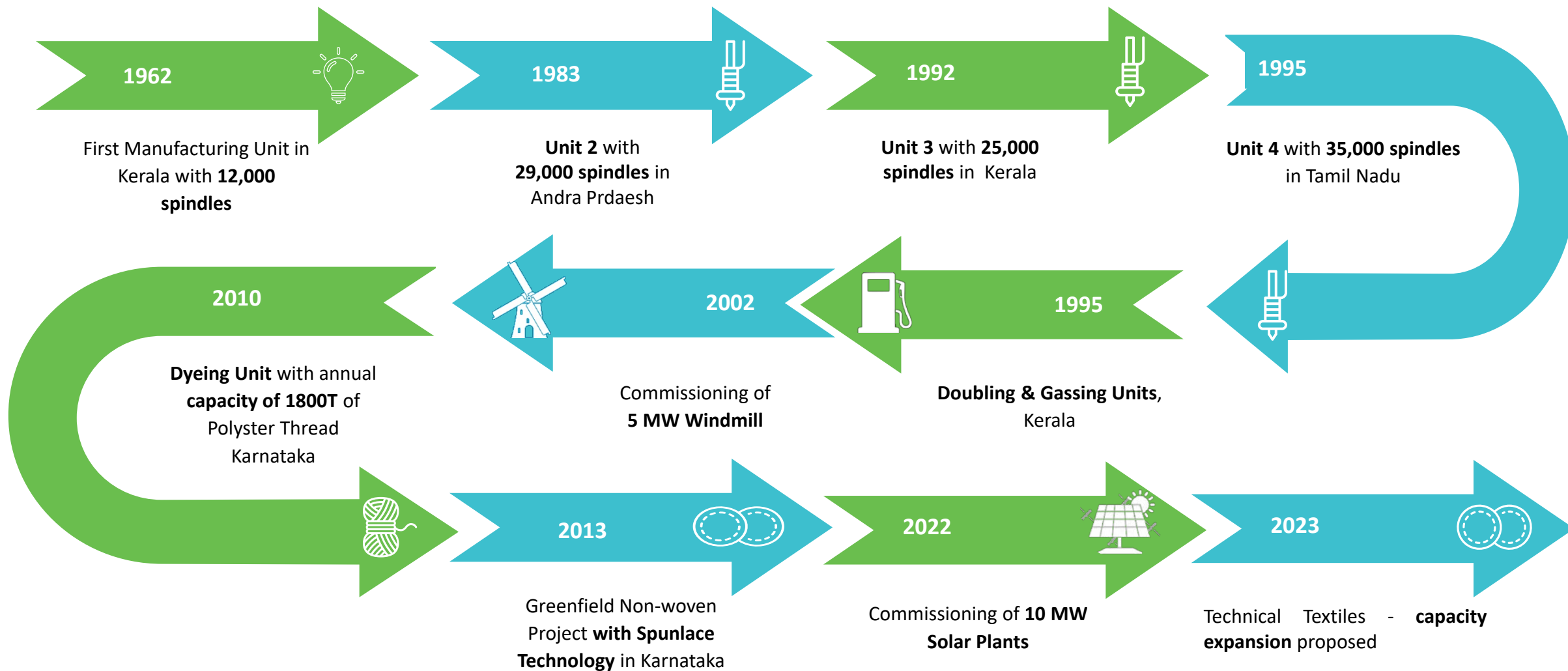
**Private Label Specialist** in  
cotton-based products in  
hygiene and cosmetics

Wide range of cotton- based  
products with **End-to-End**  
**capability**

International presence in over  
**18 countries**

**Hydro-entanglement Process** in  
Spunlace





## Geographical Presence

Captures the benefit of growing market opportunity **in international as well as domestic markets**

## Quality

Delivering sustainable products with unmatched quality and consistency.

## Technical Advancements

Automation for business process improvements and debottlenecking

## Financial Stability

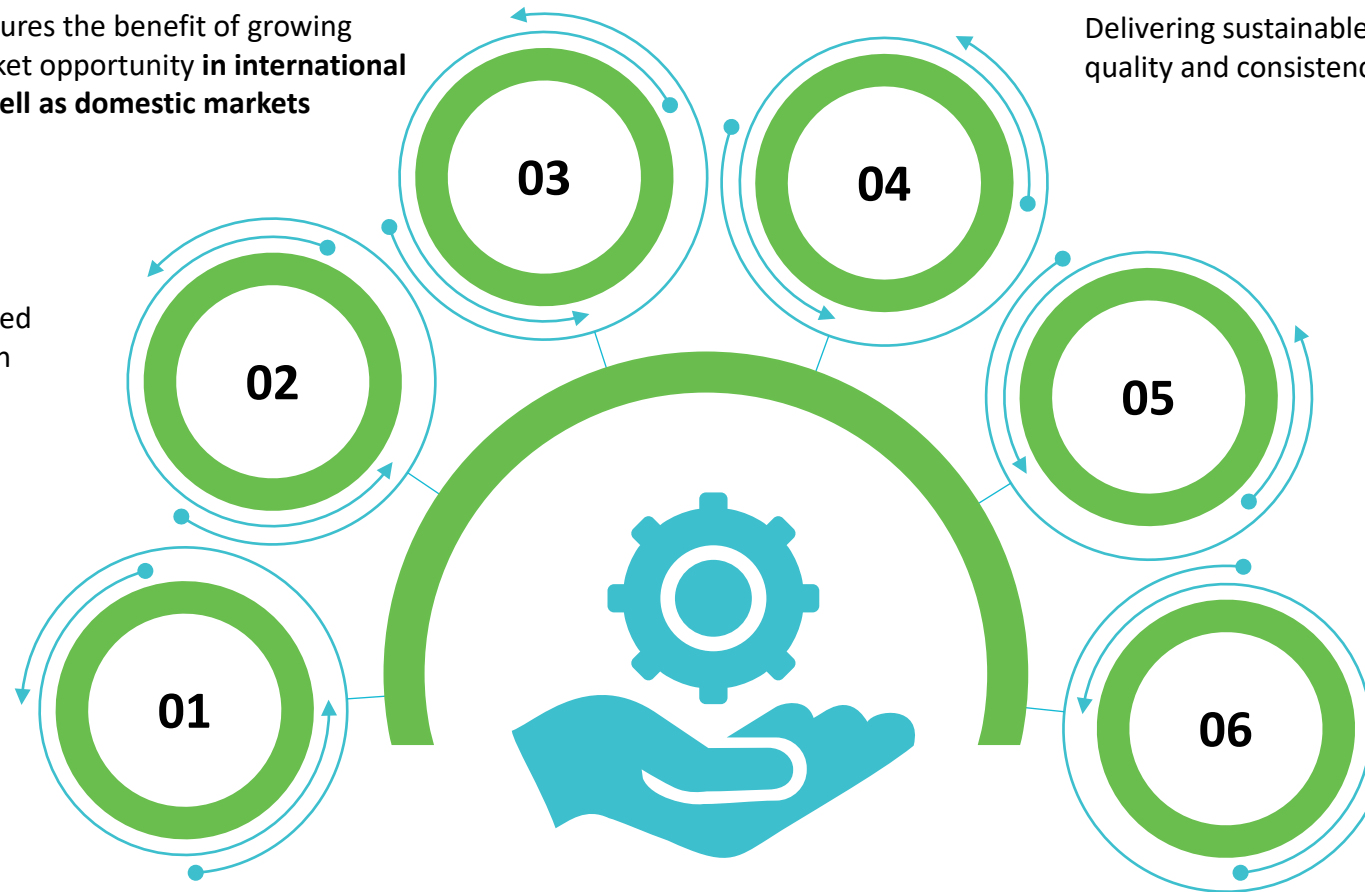
Continued efforts to improve **operational efficiencies and control on operating costs**. Constant steps taken to improve the balance sheet with **reduced debt**.

## Product Diversification

Introduction of new & value-added products and less dependency on commodity products

## Diversified Network

**Long-standing** relationships with a diverse set of key suppliers, end-customers and distributors.







**Organic, BCI & normal cotton and polyester**

Production of specialty and blended yarn

**Products Integration**  
with supply chains



Diversified range of cotton yarns and threads

**165,000** spindles



**Expanding in existing and entering new geographies**

Geographical Presence

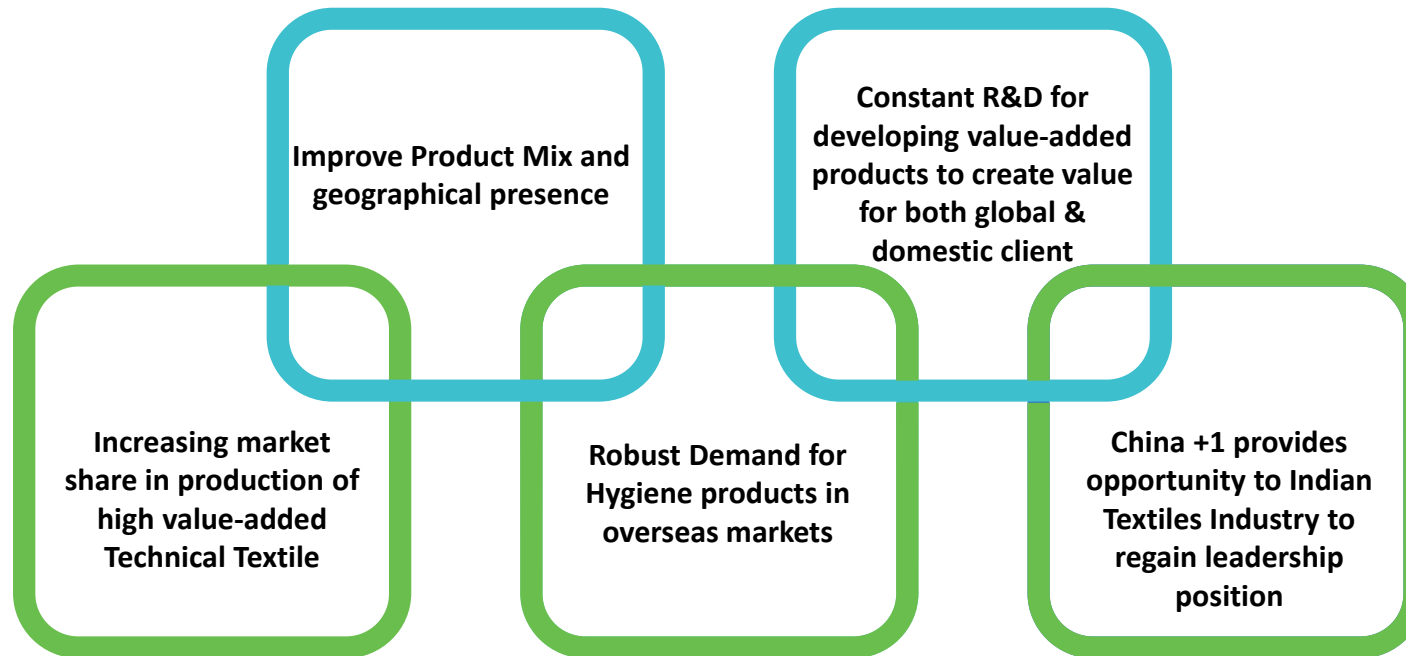
**Newer and quality products** to create product differentiation

Value addition

Efforts to improve **operational efficiencies**

Margin Expansion

## Enabling Factors for Growth



## Target Nations

### USA



**Private Label** Sales in exports market

Rapid increase in demand for **hygiene products** providing platform for Indian players

### Australia



Established **Indian players expand export market share** on back of high-quality & reliable products with independent design & customization capabilities

### South Africa



Deepen **long-term relationships** with distributors and brands

Expand our reach in other **geographies and big retail brands**

***Huge Export Opportunity Market***

**We Aim to be the Market Leader in Feminine Hygiene and Cosmetics Business**

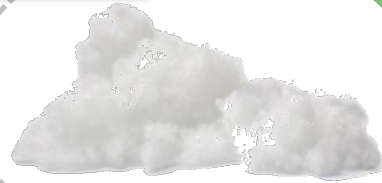


# Our Product Portfolio – Technical Textile

## Absorbent Cotton

### Products

Our purified cotton is OEKO Tex and REACH compliant and Totally Chlorine Free (TCF).

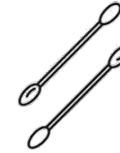


## Cotton Pads

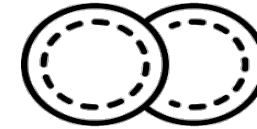
Our unique four-layer spunlace absorbent cotton pads.



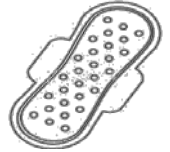
### End User



Cotton buds



Cotton Pads



Sanitary Pads



Tampons and Spunlace manufacturers



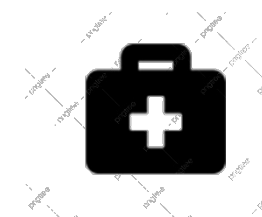
Wipes



Make up remover



Nail Polish remover



First Aid



Baby dry wipes

# Our Product Portfolio – Technical Textile

## Cotton Balls

### Products

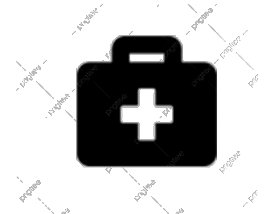
Our range of cotton balls are made from 100% pure absorbent cotton.



### End User



Nail Paint remover



Cosmetic and medical purposes

## Exfoliating Pads

Patented woven textured 100% Cotton, 100% Biodegradable exfoliating pads



Nail Paint remover



Gentle skin exfoliation

# Our Product Portfolio –Technical Textile

## Products

## End User

### Cotton Wool Rolls

Highly absorbent wool rolls.  
Pleats specially designed for easy tear-off & use



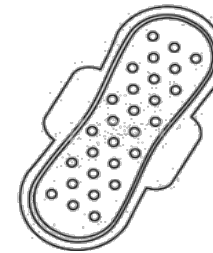
General hygiene



Baby cleaning

### Cotton Spunlace Rolls

Our cotton spunlace is 4 layered, highly absorbent and has good strength for further processability



Sanitary Pads



Panty Liners

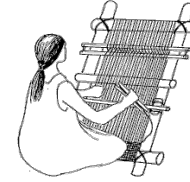
# Our Product Portfolio – Yarn & Threads

## Products

Leading manufacturers of yarns & threads for textile production, knitting and sewing



## End User



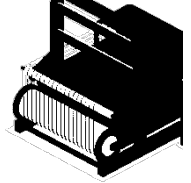
Weaving



Knitting

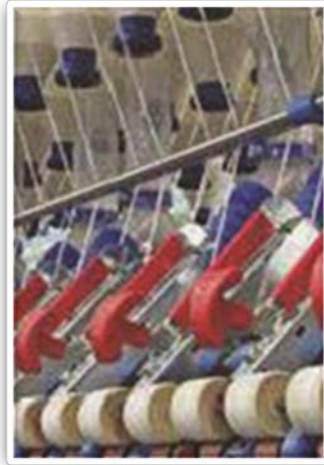


Sewing



Textile  
Production

# Our State-of-the-art Manufacturing Facilities

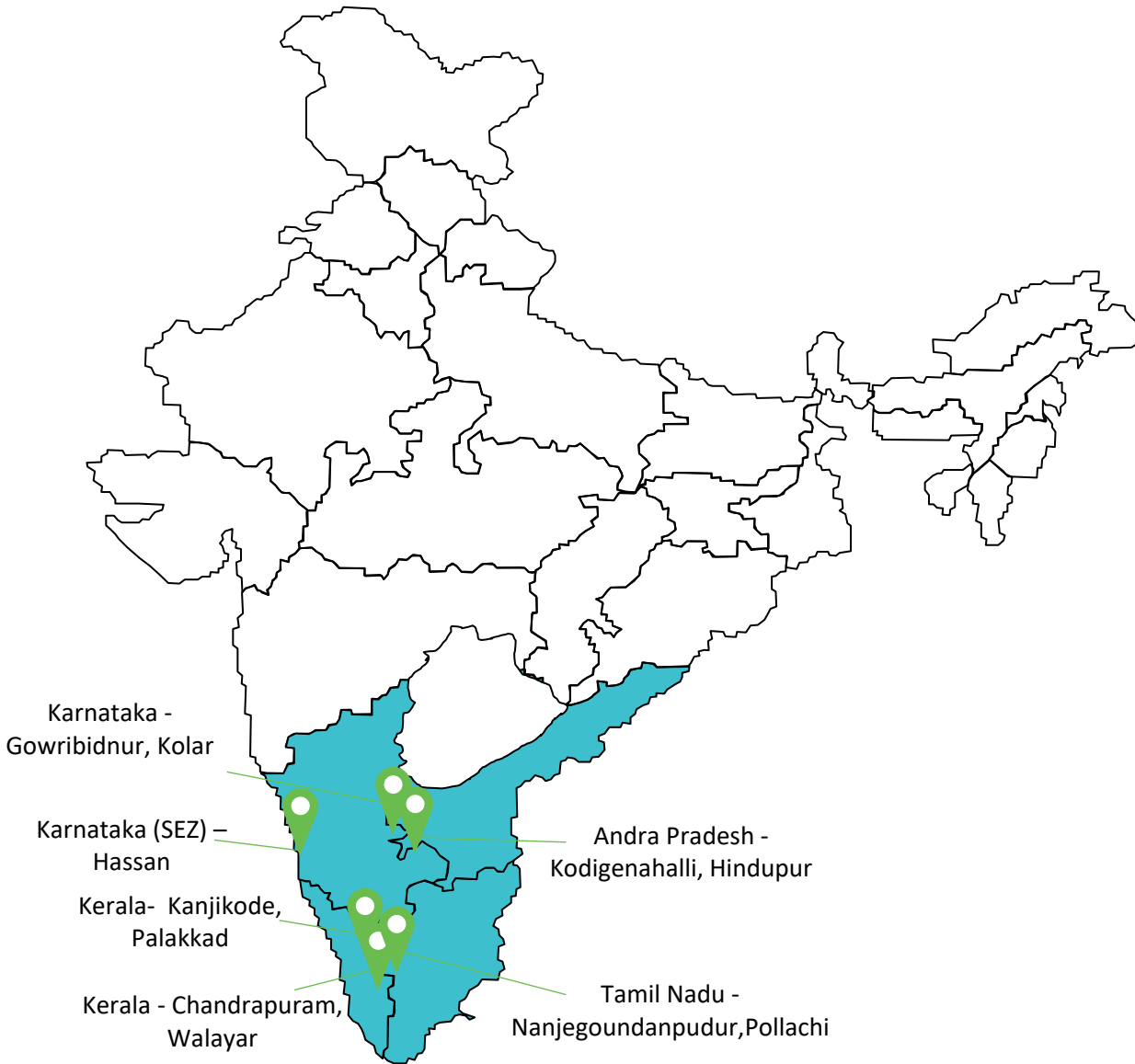


## Key Highlights of the Manufacturing Processes

- ✓ Vertically integrated manufacturing capabilities with **in-house design and development**
- ✓ **Increased automation and process improvements** are being implemented in order to maintain quality and profitability.
- ✓ Compliance and Quality Standards: **ISO 9001 & 14001 certified** company that meets BCI standards for cotton industry.
- ✓ **Yarn conditioning equipment** maintains precise moisture levels in the yarn and ensures superior working performance at our facilities. **Yarn singeing machines** from RITE, Italy are used to produce good quality gassed yarn
- ✓ 80% of cotton is procured domestically and balance from USA and Australia for Value Added products

Units	Capacity
Kerala - Kanjikode, Palakkad	57,600
Kerala - Chandrapuram, Walayar	24,624
Andra Pradesh - Kodigenahalli, Hindupur	47,040
Tamil Nadu - Nanjegoundanpudur, Pollachi	34,813
Karnataka - Gowribidnur, Kolar	6 tons
Karnataka (SEZ) – Hassan	-





## Accessibility

Our Facilities are located **close to the source of Raw material** required for production enabling continuous supply and better ability to manage demand cycles

## Manpower

Availability of both skilled and unskilled manpower helps in manpower planning

## Infrastructure and Scalability

Good connectivity through ports and roads **enables efficient distribution and sourcing of goods thereby controlling logistics costs**

## Key Takeaways

State of art Facilities located in India

Presence in over 25 countries

Tapping opportunities in Technical Textiles across the Globe



**Exports for FY23 - Rs 386 crore**

## Key Takeaways

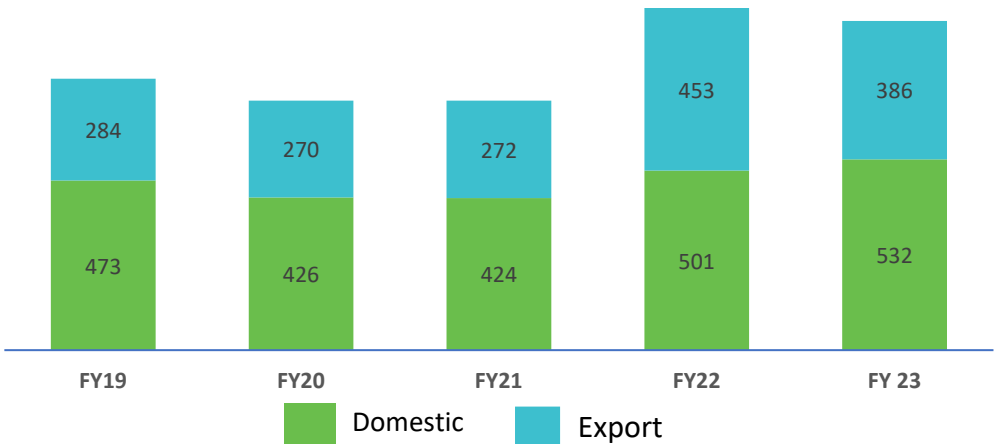
Container availability and reduced freight cost providing export relief

Company has moved towards solar and wind energy for its power needs

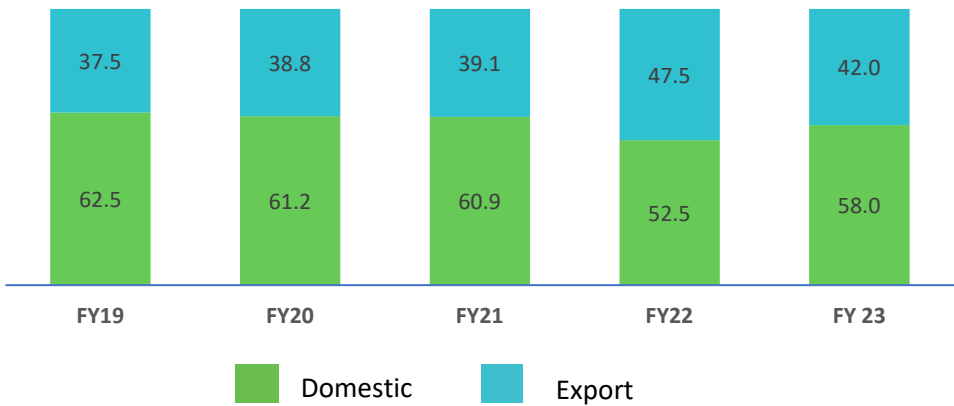
Long term relationship with key distributors and customers

# Geography wise and segment wise breakup

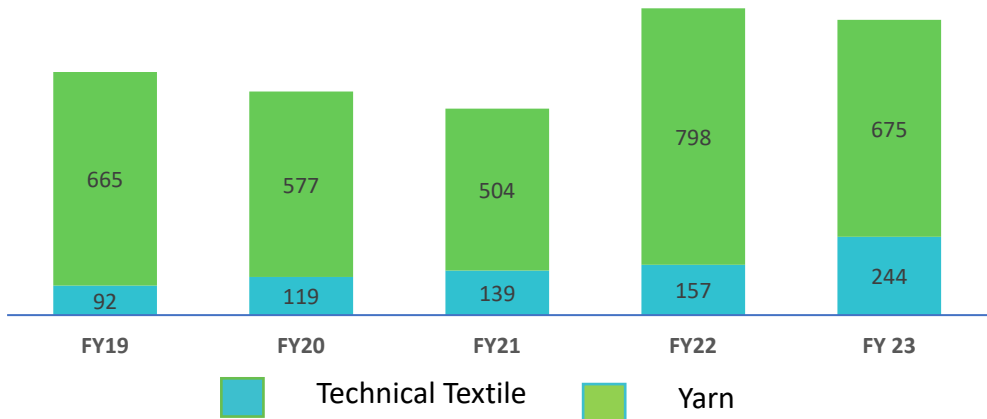
Geography wise (Rs. Crs)



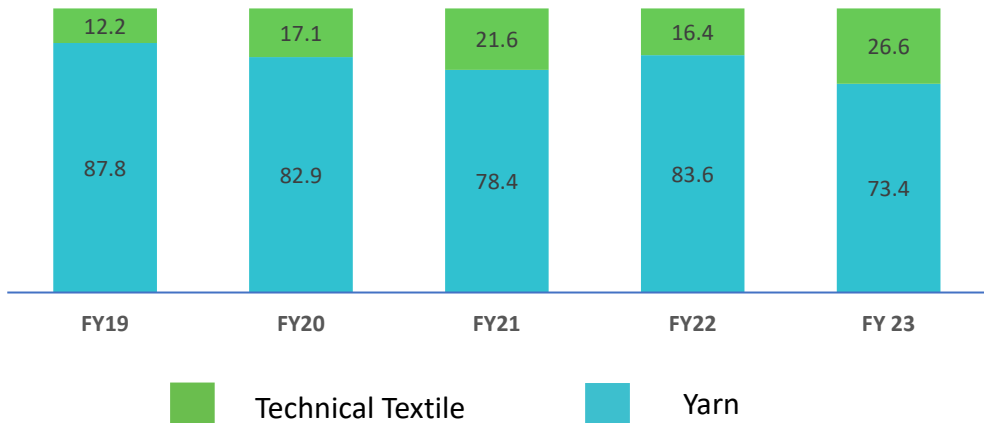
Geography wise (%)



Segment wise (Rs. Crs)



Segment wise (%)



## Enhance existing & expand product portfolio

- Focus on branding and promotion
- Manufacturing and developing Value added product portfolio
- Leverage the advantage of “Make in India” and grow our domestic sales vis-à-vis exports

01



## Enhance manufacturing capacities

- Expand manufacturing capacities in hygiene product categories
- Automation of business processes and debottlenecking facilities

02



03



## Increasing presence in overseas markets

- Plans to export to new geographies such as MENA & South East Asia in the next 5-10 years through increase reach and marketing

04



## Maintain operational efficiency & profitability

- Continue to invest in automation in order to avoid human error & consequently improve throughput
- Debt reduction strategy to strengthen the balance sheet and improve profitability

# Key Customers



Walmart Inc.



CVS Pharmacy



Walgreens



Dollar General



Dove



The Kroger Co.



Meijer Inc.



K Mart



Coles Supermarkets



Aldi



## **Mr. Ashwin Chandran**

Designation - **Chairman & MD**

Age - **47 Years**

Experience - **More than 22 years of experience in the textile industry**

## **Mr. Prashant Chandran**

Designation - **Vice Chairman & MD**

Age - **42 Years**

Experience - **More than 15 years of experience in the textile industry**

## **Mr. T Kumar**

Designation - **Executive Director**

Age - **54 Years**

Experience - **More than 32 years of experience in the textile industry**

## **Mrs. R Bhuvaneshwari**

Designation – **Independent Director**

Age - **62 Years**

Experience - **More than 24 years of experience in Corporate Law**

## **Dr. Vinay Balaji Naidu**

Designation - **Independent Director**

Age - **44 Years**

Experience - **16 years of experience in the Medical field**

## **Mr. C N Srivatsan**

Designation – **Independent Director**

Age - **66 Years**

Experience - **More than 29 years of experience in the field of Consultancy**

## **Mr. P Vijay Raghunath**

Designation – **Independent Director**

Age - **56 Years**

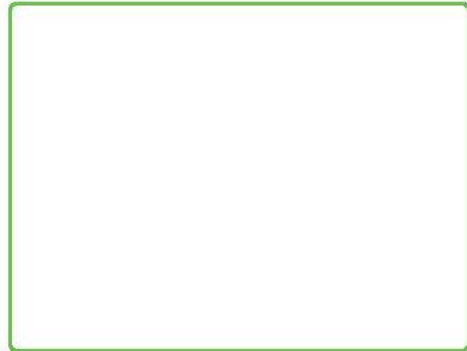
Experience - **More than 30 years of experience in Legal Profession**

## **Mr. Arun Selvaraj**

Designation – **Independent Director**

Age - **54 Years**

Experience - **More than 15 years of experience in Textile & Aerospace Inds**





Investments in Green Energy - 5 MW Wind and 10 MW Solar generations and Gas based power plants



Promoting Organic & Recycled Products in both Spinning and Technical Textile divisions



Recycled Water Management with the help of effluent treatment plants



Active CSR with special focus on education and healthcare for the underprivileged



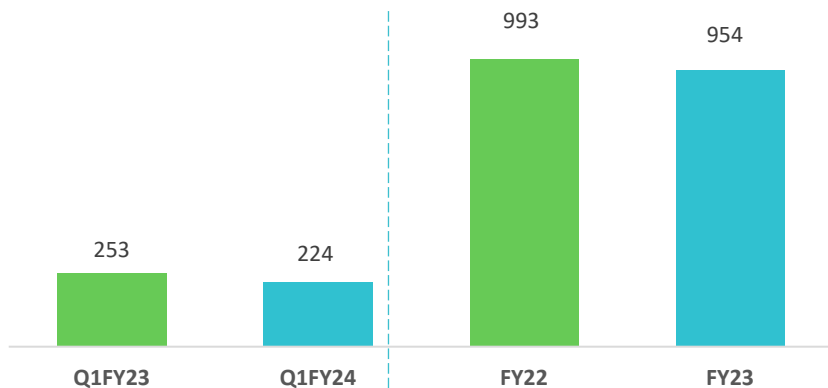
Use of Sustainable cotton using less chemicals and optimum Water. 20% of that cotton is used is organically grown



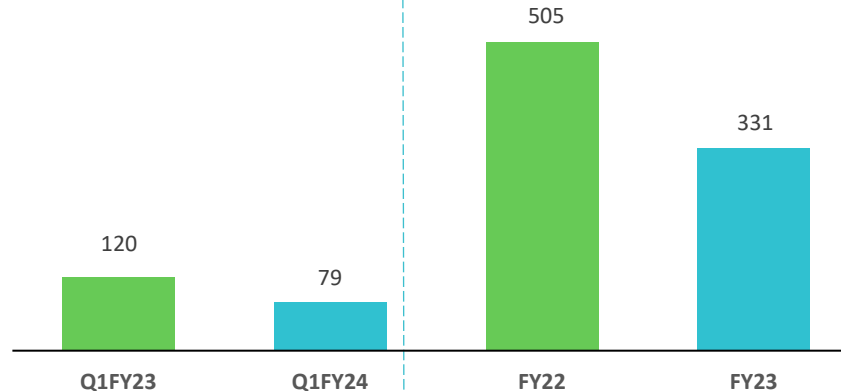
# Financial Highlights

# Q1 FY24 & FY23 Financial Highlights

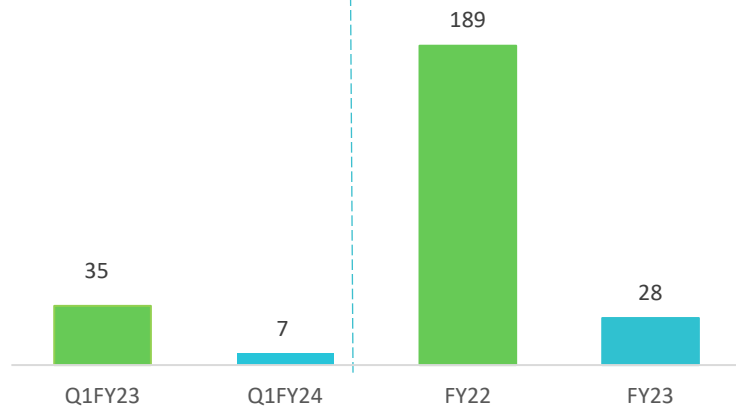
## Revenue (₹ crore)



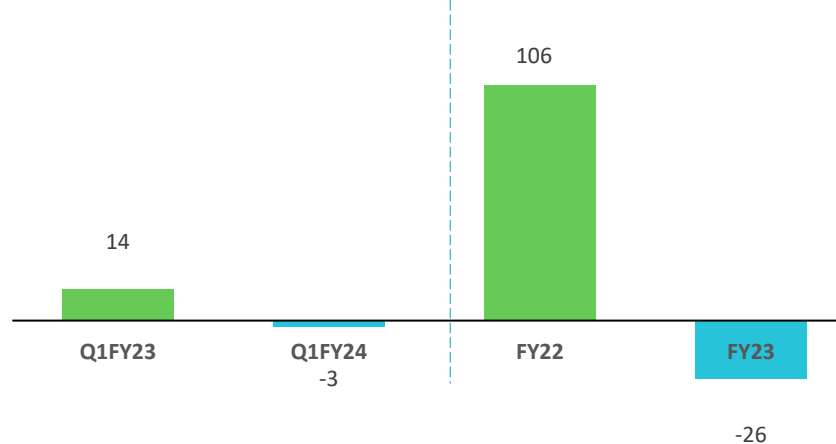
## Gross Profit (₹ crore)



## EBITDA (₹ crore)



## PAT (₹ crore)



## Highlights

- Q1FY24 Revenue from operations stood at Rs 223 crores as against Rs 253 crores in Q1FY23.
- EBITDA margins improved on account of better yarn realisation.

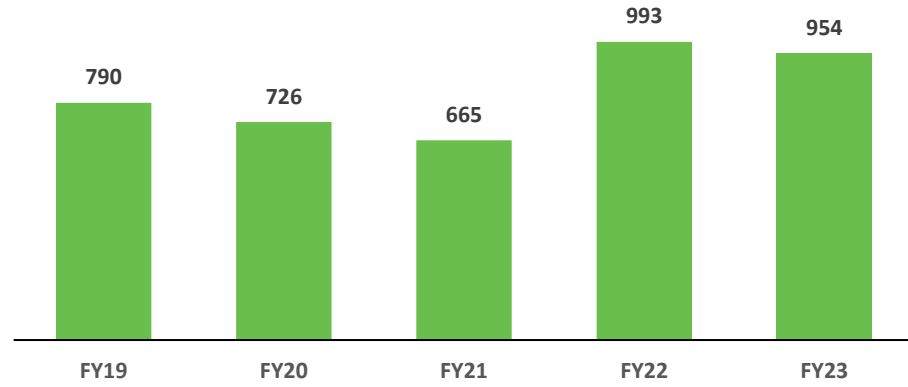


# Q1& FY23 Profit & Loss Statement

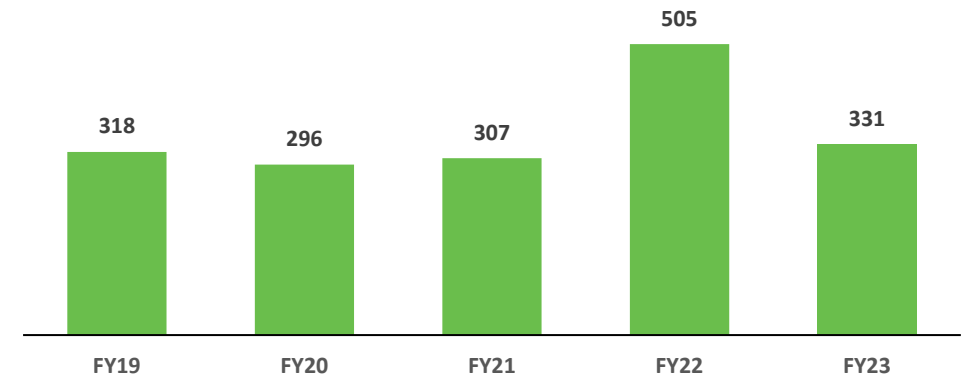
Profit and Loss (in Rs. Crs)	Q1FY24	Q4FY23	Q1FY23	FY23
<b>Revenue from Operations</b>	<b>224.2</b>	<b>238.0</b>	<b>253.5</b>	<b>953.8</b>
Cost of Goods Sold	145.9	164.3	134.0	623.3
<b>Gross Profit</b>	<b>78.3</b>	<b>73.7</b>	<b>119.5</b>	<b>330.5</b>
<b>Gross Profit Margin</b>	<b>34.9</b>	<b>31.0</b>	<b>47.1</b>	<b>34.7</b>
Employee Cost	22.4	21.0	22.4	84.6
Other Expenses	48.7	52.7	61.7	218.1
<b>EBITDA</b>	<b>7.2</b>	<b>0.0</b>	<b>35.3</b>	<b>27.8</b>
<b>EBITDA Margin</b>	<b>3.2</b>	<b>0.0</b>	<b>13.9</b>	<b>2.9</b>
Depreciation	7.4	8.4	8.1	33.4
Other Income	2.5	3.7	1.5	7.2
<b>EBIT</b>	<b>2.3</b>	<b>-4.7</b>	<b>28.7</b>	<b>1.6</b>
<b>EBIT Margin</b>	<b>1.0</b>	<b>-2.0</b>	<b>11.3</b>	<b>0.2</b>
Finance Cost	9.7	7.9	10.1	36.1
Exceptional Item Gain / (Loss)	0.0	0.0	0.0	0.0
<b>Profit/(Loss) before Tax</b>	<b>-7.4</b>	<b>-12.6</b>	<b>18.6</b>	<b>-34.5</b>
<b>Profit/(Loss) before Tax Margin</b>	<b>-3.3</b>	<b>-5.3</b>	<b>7.4</b>	<b>-3.6</b>
Tax	-4.3	-3.7	4.7	-8.5
<b>Profit/(Loss)After Tax</b>	<b>-3.1</b>	<b>-8.9</b>	<b>13.9</b>	<b>-26.0</b>
<b>Profit/(Loss) After Tax Margin</b>	<b>-1.4</b>	<b>-3.7</b>	<b>5.5</b>	<b>-2.7</b>

# Historical Financials

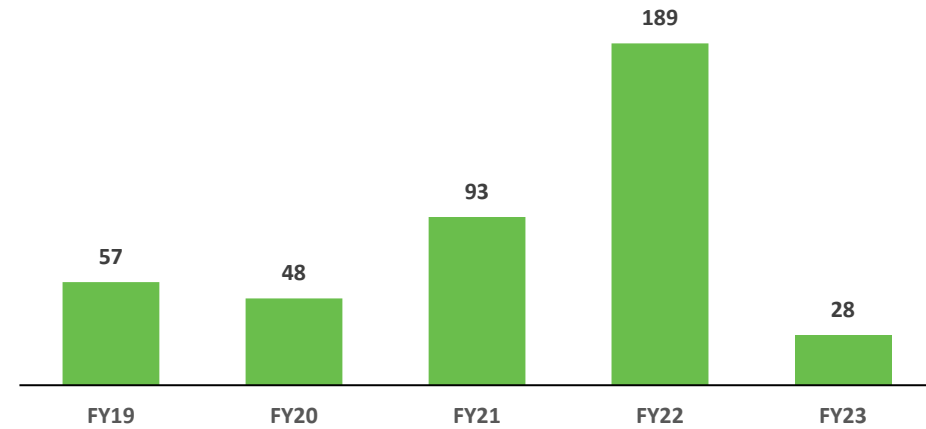
Revenue (₹ crore)



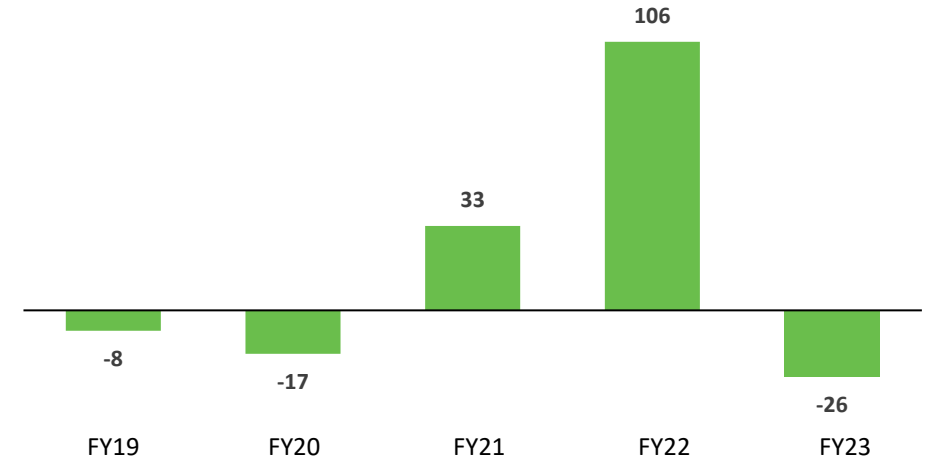
Gross Profit (₹ crore)



EBITDA (₹ crore)



PAT (₹ crore)



# Historical Profit & Loss Statement

Profit and Loss (in Rs. Crs)	FY23	FY22	FY21	FY20	FY19
<b>Revenue from Operations</b>	<b>953.8</b>	<b>993.3</b>	<b>665.1</b>	<b>726.1</b>	<b>790.1</b>
Cost of Goods Sold	623.3	488.6	358.6	430.1	472.5
<b>Gross Profit</b>	<b>330.5</b>	<b>504.7</b>	<b>306.6</b>	<b>296.0</b>	<b>317.7</b>
<b>Gross Profit Margin</b>	<b>34.7%</b>	<b>50.8%</b>	<b>46.1%</b>	<b>40.8%</b>	<b>40.2%</b>
Employee Cost	84.6	93.6	73.6	71.7	76.9
Other Expenses	218.1	222.3	139.9	176.7	183.4
<b>EBITDA</b>	<b>27.8</b>	<b>188.8</b>	<b>93.1</b>	<b>47.7</b>	<b>57.3</b>
<b>EBITDA Margin</b>	<b>2.9%</b>	<b>19.0%</b>	<b>14.0%</b>	<b>6.6%</b>	<b>7.3%</b>
Depreciation	33.4	32.5	33.2	32.7	31.4
Other Income	7.2	6.5	5.7	4.4	6.3
<b>EBIT</b>	<b>1.6</b>	<b>162.7</b>	<b>65.7</b>	<b>19.4</b>	<b>32.3</b>
<b>EBIT Margin</b>	<b>0.2%</b>	<b>16.4%</b>	<b>9.9%</b>	<b>2.7%</b>	<b>4.1%</b>
Finance Cost	36.1	29.0	32.7	32.3	40.5
Exceptional item Gain/(Loss)	-	-	-	-	-
<b>Profit before Tax</b>	<b>-34.5</b>	<b>133.8</b>	<b>33.0</b>	<b>-13.0</b>	<b>-8.3</b>
<b>Profit before Tax Margin</b>	<b>-3.6%</b>	<b>13.5%</b>	<b>5.0%</b>	<b>-1.8%</b>	<b>-1.0%</b>
Tax	-8.5	28.3	0.0	3.6	0.0
<b>Profit After Tax</b>	<b>-26.0</b>	<b>105.4</b>	<b>33.0</b>	<b>-16.5</b>	<b>-8.3</b>
<b>Profit After Tax Margin</b>	<b>-2.7%</b>	<b>10.6%</b>	<b>5.0%</b>	<b>-2.3%</b>	<b>-1.0%</b>

# Historical Consolidated Balance Sheet

Assets (in Rs. Crs)	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
<b>Non - Current Assets</b>	<b>497.4</b>	<b>495.1</b>	<b>471.6</b>	<b>491.9</b>	<b>547.6</b>
Property Plant & Equipment	443.7	428.0	437.4	462.5	511.5
CWIP	3	31.6	2.6	1.4	2.4
Intangible assets	0.3	0.4	0.4	0.4	0.3
Right of use asset	3.4	4.6	5.9	7.2	0.0
Intangible assets under development	0.1	0.0	0.1	0.0	0.0
<b>Financial Assets</b>					
Investments	7	12.2	10.8	10.9	18.4
Loans	0.0	0.0	0.0	7.6	6.5
Deferred tax assets (net)	5.7	-	-	-	-
Other Financial Assets	9.9	8.1	9.9	0.0	0.0
Other Non - Current Assets (Net)	24.5	10.2	4.6	1.9	8.7
<b>Current Assets</b>	<b>409.1</b>	<b>438.1</b>	<b>286.1</b>	<b>239.7</b>	<b>239.6</b>
Inventories	242.0	241.4	131.2	124.3	132.8
<b>Financial Assets</b>					
(i) Investments	2	140.0	102.1	89.3	79.8
(ii) Trade receivables	118.7	1.5	1.1	0.4	0.7
(iii) Cash and cash equivalents	0.6	9.2	7.9	7.6	7.2
(iv) Bank bal other than (iii)	5.9	0.6	0.8	0.6	0.6
(v) Loans	0.7	-	-	-	-
Other Financial Assets	0.4	0.4	0.5	0.5	0.6
Other Current Assets	38.9	45.0	42.6	17.0	18.0
<b>Total Assets</b>	<b>906.6</b>	<b>933.2</b>	<b>757.8</b>	<b>731.6</b>	<b>787.2</b>

Equity & Liabilities (in Rs. Crs)	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
<b>Total Equity</b>	<b>405.7</b>	<b>444.1</b>	<b>341.6</b>	<b>310.2</b>	<b>335.7</b>
Share Capital	12.0	12.0	12.0	12.0	12.0
Reserves & Surplus	393.7	432.1	329.6	298.2	323.7
<b>Non-Current Liabilities</b>	<b>168.0</b>	<b>110.0</b>	<b>128.2</b>	<b>147.8</b>	<b>175.5</b>
Financial Liabilities					
(i) Borrowings	145	81.7	104.6	120.3	146.7
(ii) Lease Liabilities	-	0.9	1.9	0.0	0.0
(iii) Other Financial Liabilities	-	0.2	0.2	6.8	3.6
Provisions	22.6	21.5	19.5	18.0	21.7
Other Non Current Liabilities	0.4	1.1	2.0	2.8	3.6
Deferred Tax Liabilities	-	4.6	-	-	-
<b>Current Liabilities</b>	<b>332.8</b>	<b>379.1</b>	<b>288.0</b>	<b>273.6</b>	<b>276.0</b>
Financial Liabilities					
(i) Borrowings	232.9	276.1	221.7	175.8	177.4
(ii) Trade Payables	63.1	38.3	29.6	45.3	29.1
(iii) Lease	0.9	1.0	0.9	0.0	0.0
(iv) Other Financial Liabilities	29.1	53.7	29.2	44.4	59.6
Other Current Liabilities	3.8	4.4	4.4	6.3	8.4
Provisions	3.1	5.6	2.2	1.8	1.6
<b>Total Equity &amp; Liabilities</b>	<b>906.6</b>	<b>933.2</b>	<b>757.8</b>	<b>731.6</b>	<b>787.2</b>

# Historical Cash Flow Statement

Particulars (in Rs. Crs)	FY23	FY22	FY21	FY20	FY19
<b>Net Profit Before Tax</b>	<b>-34.5</b>	<b>133.8</b>	<b>33.0</b>	<b>-25.5</b>	<b>-7.8</b>
Adjustments for: Non -Cash Items / Other Investment or Financial Items	66.9	58.9	64.2	63.00	67.8
<b>Operating profit before working capital changes</b>	<b>32.4</b>	<b>192.7</b>	<b>97.1</b>	<b>38.3</b>	<b>60</b>
Changes in working capital	22.8	-117.2	-70.9	15.5	13.2
<b>Cash generated from Operations</b>	<b>55.2</b>	<b>75.5</b>	<b>26.2</b>	<b>53.8</b>	<b>73.2</b>
Direct taxes paid (net of refund)	-6	-20.0	-0.2	-0.4	-0.1
<b>Net Cash from Operating Activities</b>	<b>49.2</b>	<b>55.5</b>	<b>26.0</b>	<b>53.4</b>	<b>73.0</b>
<b>Net Cash from Investing Activities</b>	<b>-30</b>	<b>-54.8</b>	<b>-8.3</b>	<b>28.5</b>	<b>-8.2</b>
<b>Net Cash from Financing Activities</b>	<b>-23.3</b>	<b>0.9</b>	<b>-16.8</b>	<b>-81.9</b>	<b>-65.6</b>
<b>Net Decrease in Cash and Cash equivalents</b>	<b>-4.1</b>	<b>1.7</b>	<b>0.9</b>	<b>0.1</b>	<b>-0.8</b>
Add: Cash & Cash equivalents at the beginning of the period	10.6	9.0	8.0	7.9	8.7
Less: Bank balances not considered as Cash and Cash Equivalents as per IND AS7	-5.9	-9.2	-7.9	-7.6	-7.2
<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>0.61</b>	<b>1.5</b>	<b>1.1</b>	<b>0.4</b>	<b>0.7</b>



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