



November 10, 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 and half year ended 30th Sep, 2023. The same is made available on the Company's website 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

September 2023

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Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third-party statements and projections.

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

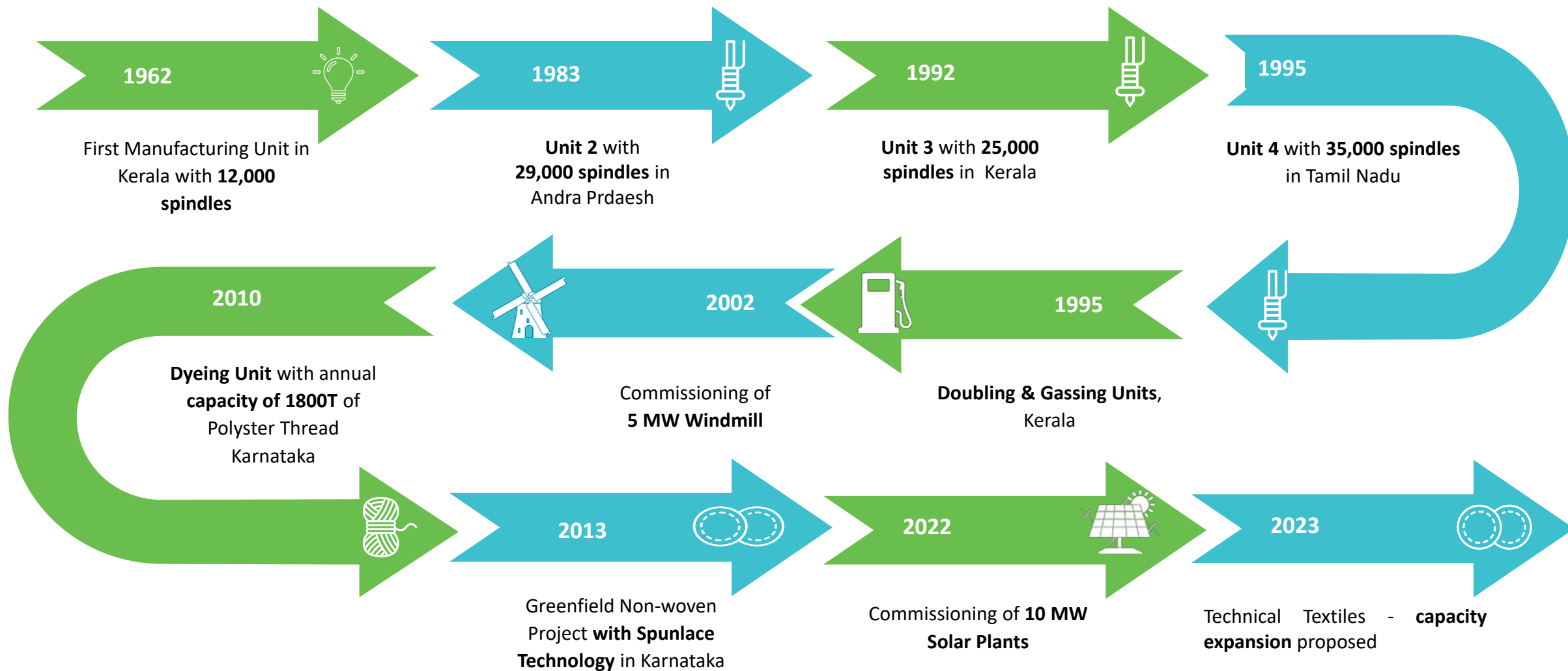
Private Label Specialist in
cotton-based products in
hygiene and cosmetics

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

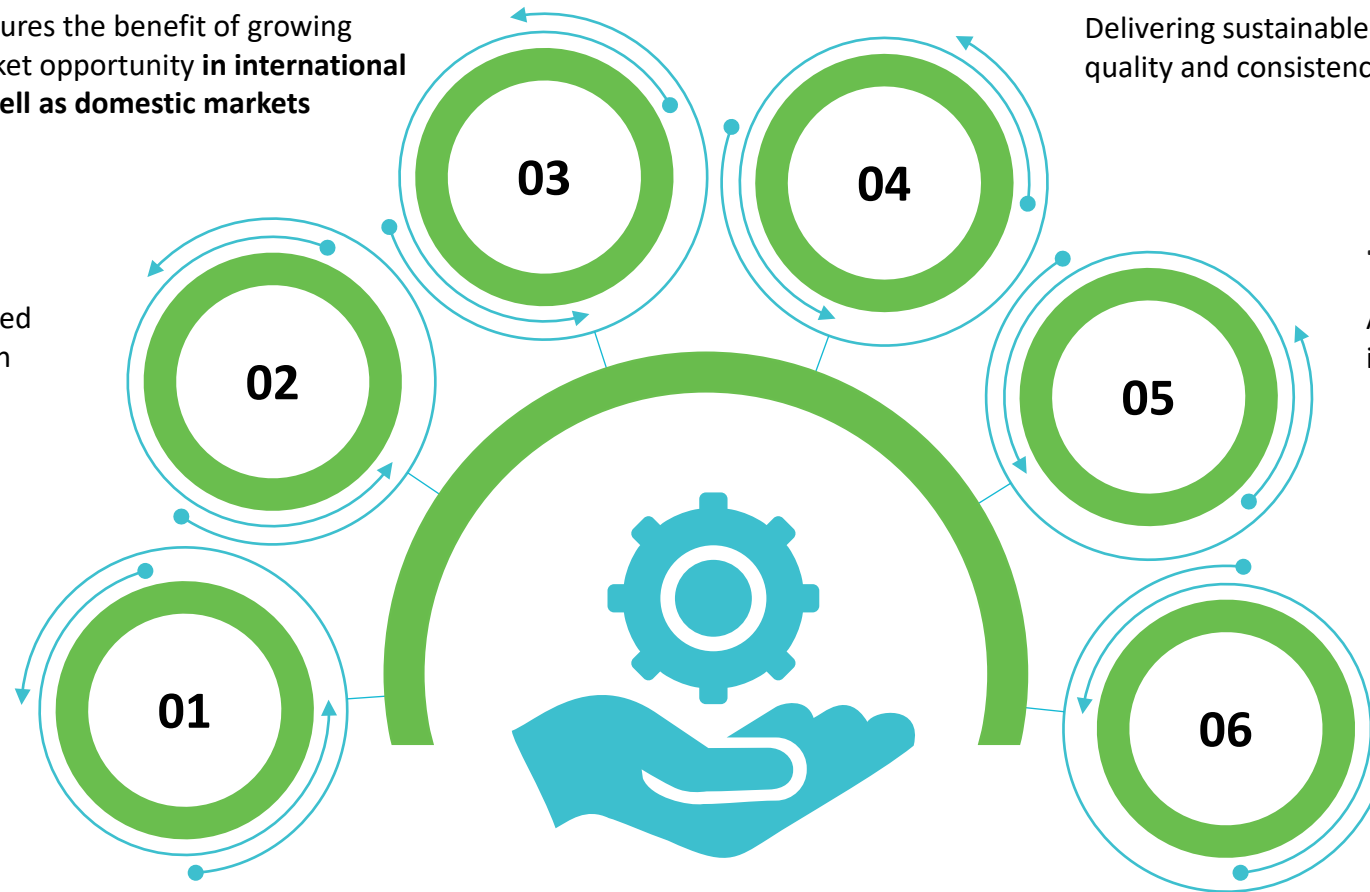
Continued efforts to improve **operational efficiencies and control on operating costs**. Constant steps taken to improve the balance sheet with **reduced debt**.

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

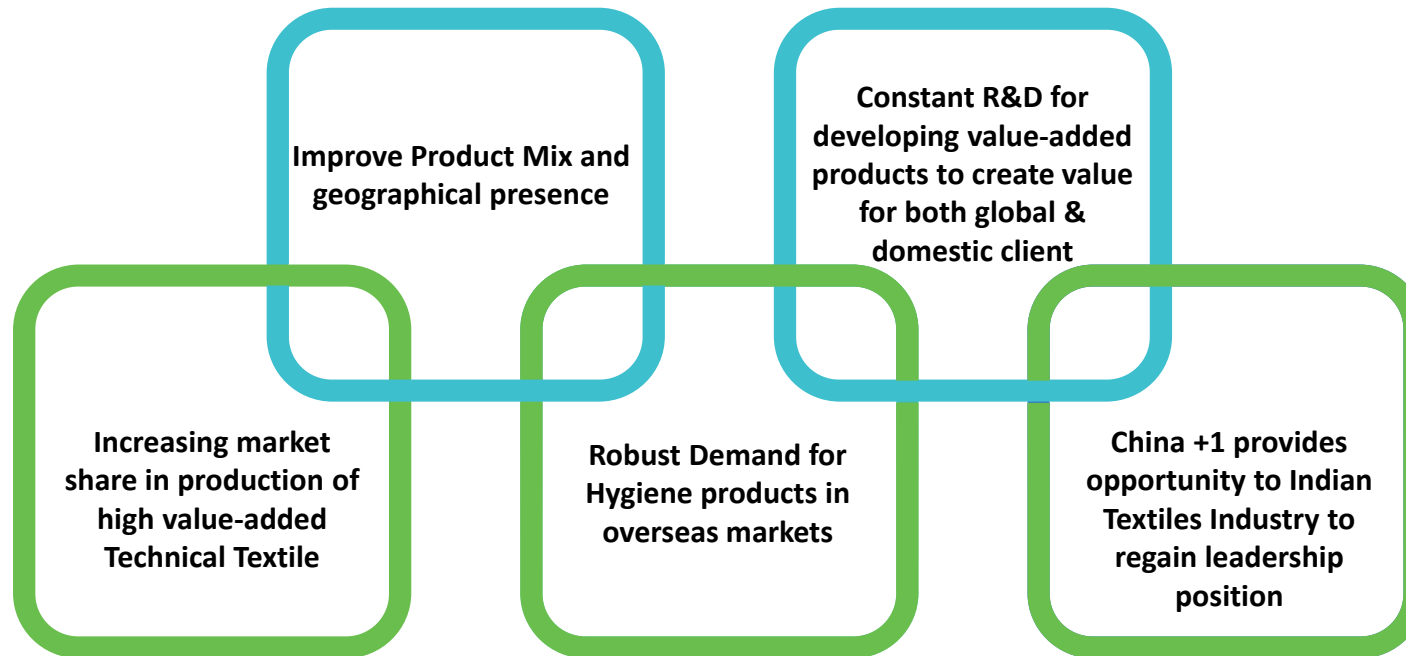
Newer and quality products to create product differentiation

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

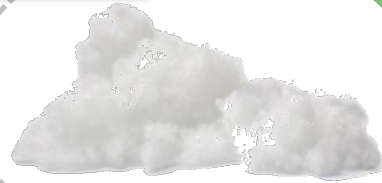
We Aim to be the Market Leader in Feminine Hygiene and Cosmetics Business

Our Product Portfolio – Technical Textile

Absorbent Cotton

Products

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

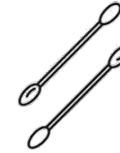


Cotton Pads

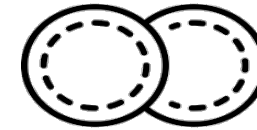
Our unique four-layer spunlace absorbent cotton pads.



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

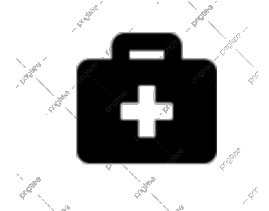
Our range of cotton balls are made from 100% pure absorbent cotton.



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



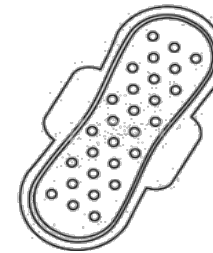
General hygiene



Baby cleaning

Cotton Spunlace Rolls

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



Sanitary Pads



Panty Liners

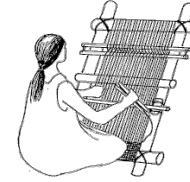
Our Product Portfolio – Yarn & Threads

Products

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



End User



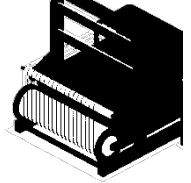
Weaving



Knitting

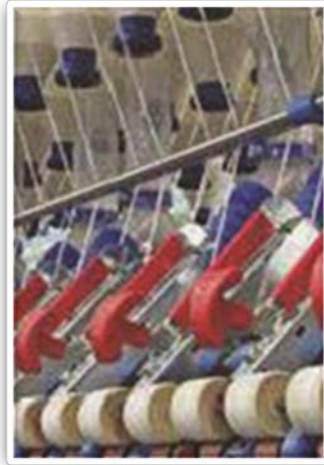


Sewing



Textile
Production

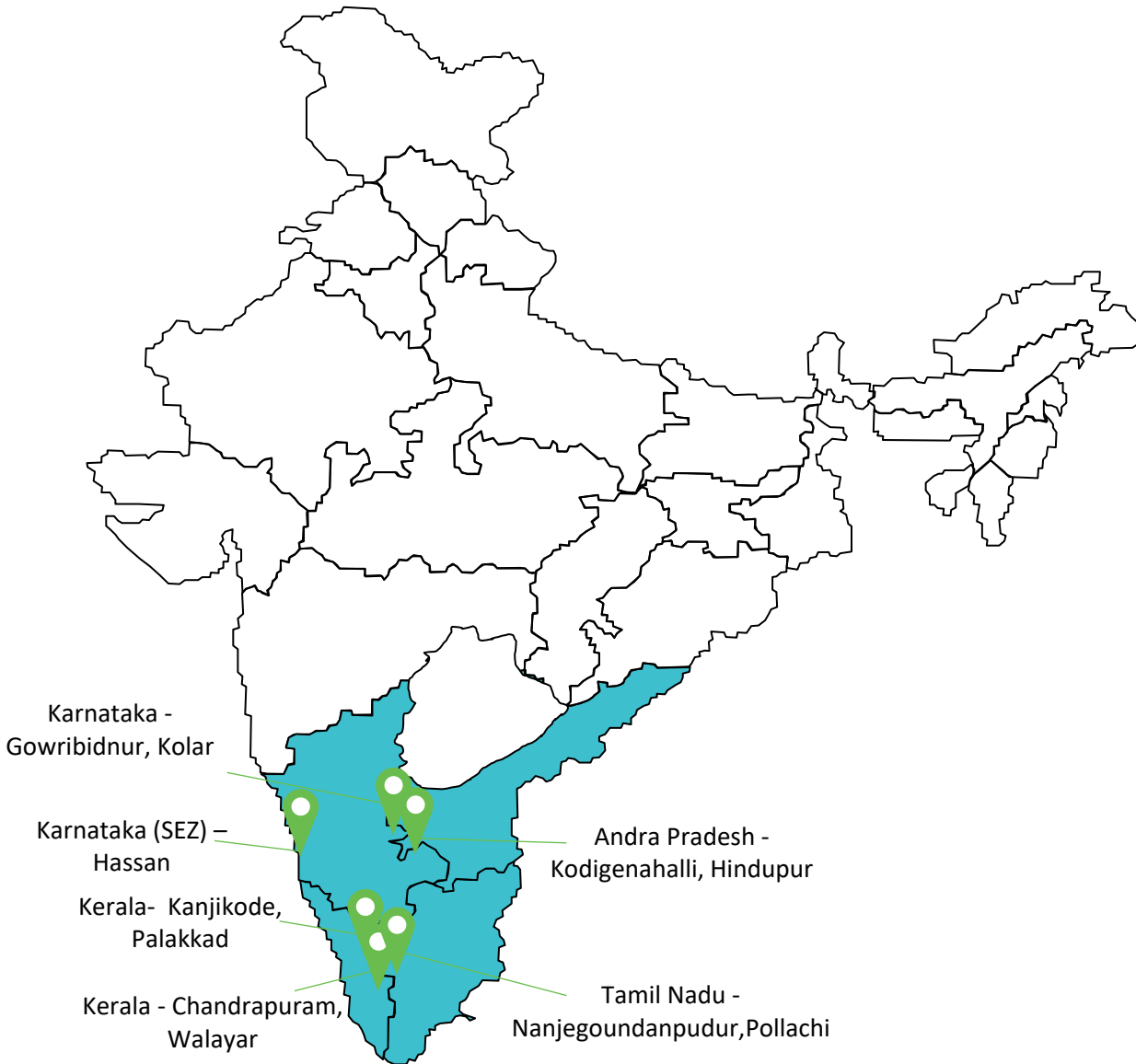
Our State-of-the-art Manufacturing Facilities



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

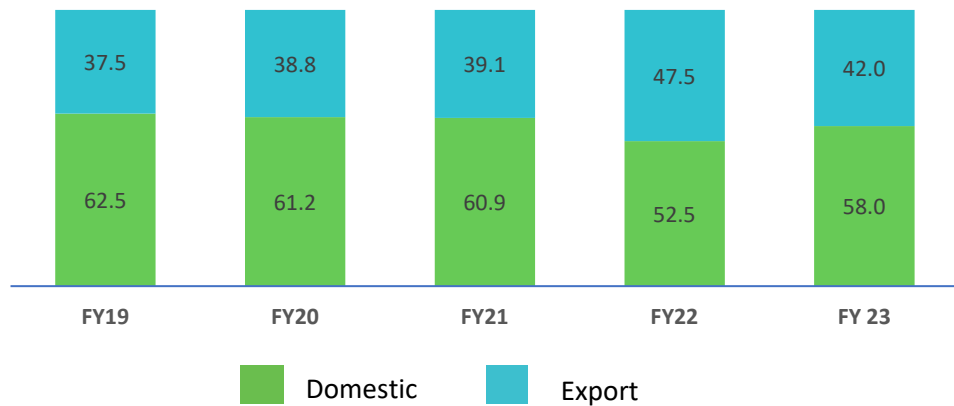
Long term relationship with key distributors and customers

Geography wise and segment wise breakup

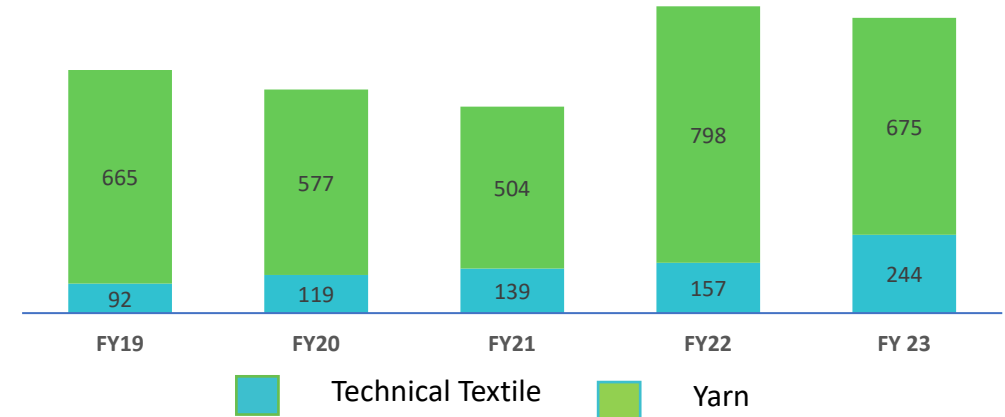
Geography wise (Rs. Crs)



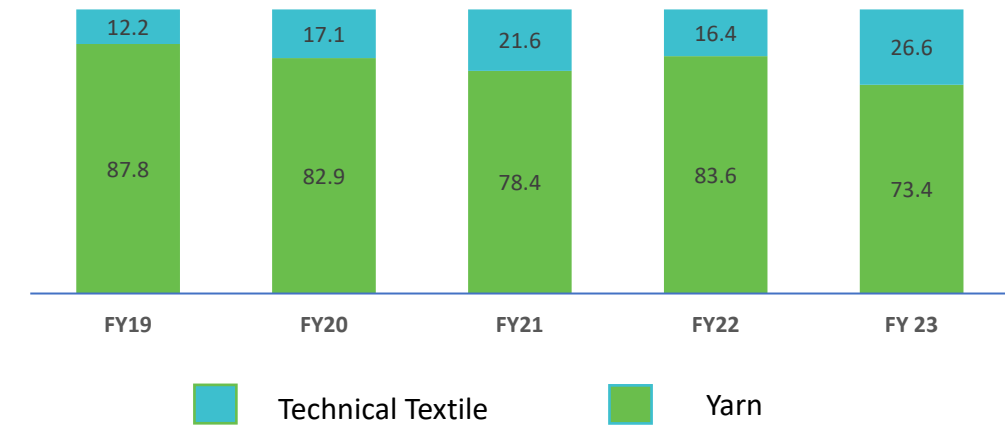
Geography wise (%)



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. Prashanth 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**



Sustainability and Social Responsibility



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



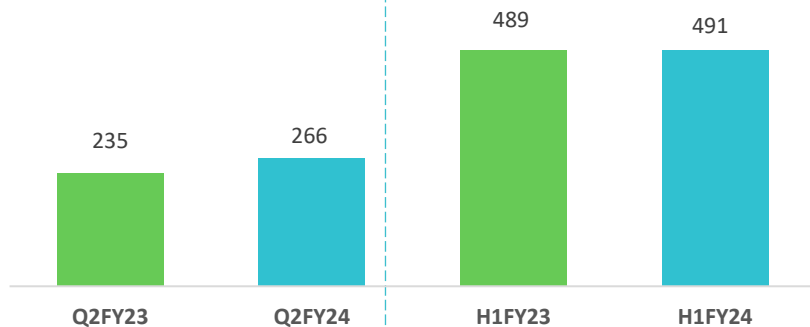
Use of Sustainable cotton using less chemicals and optimum Water. 20% of that cotton is used is organically grown



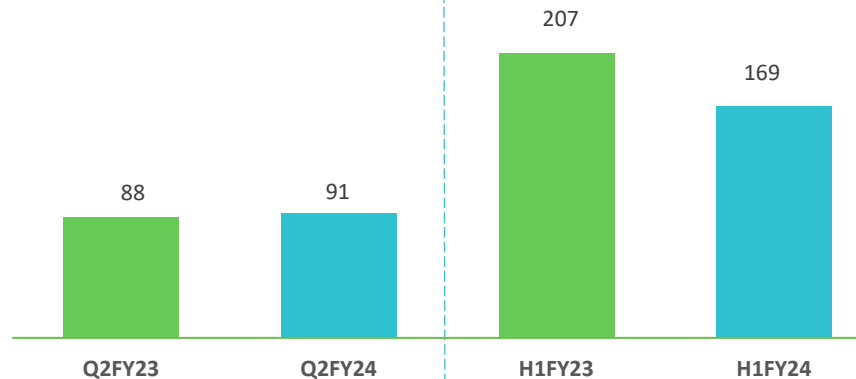
Financial Highlights

Q2 & H1FY24 Financial Highlights

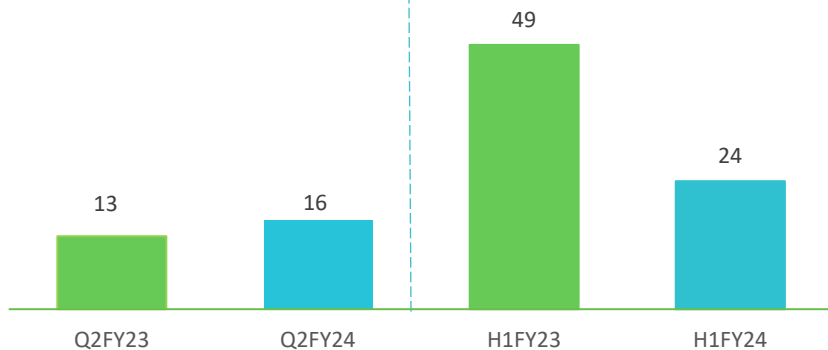
Revenue (₹ crore)



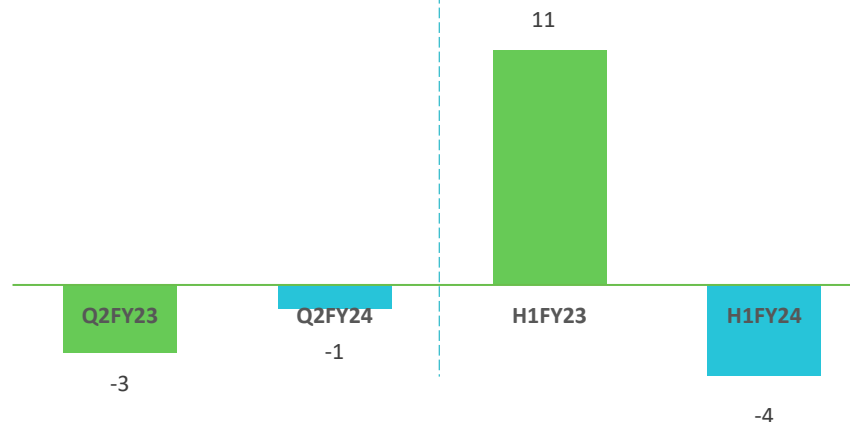
Gross Profit (₹ crore)



EBITDA (₹ crore)



PAT (₹ crore)



Highlights

- H1FY24 Revenue from operations stood at Rs 491 crore as against Rs 489 crore in H1FY23.
- Gross Profit for Q2 FY24 stood at Rs 91 Crore as against Rs 88 crore in the corresponding quarter last year; lower profit was on account of lower sales realisation of Yarn.
- EBITDA margins were impacted on account of higher energy costs and lower price of realisation of Finished Goods.

Q2 & H1 FY24 Profit & Loss Statement

Profit and Loss (in Rs. Crs)	Q2FY24	Q2FY23	H1FY24	H1FY23
Revenue from Operations	266.3	235.4	490.5	488.8
Cost of Goods Sold	175.7	147.4	321.6	281.4
Gross Profit	90.6	88.0	168.9	207.4
Gross Profit Margin Percentage	34.0	37.4	34.4	42.4
Employee Cost	22.4	21.1	44.8	43.6
Other Expenses	51.9	53.5	100.5	115.2
EBITDA	16.3	13.4	23.6	48.7
EBITDA Margin Percentage	6.1	5.7	4.8	10.0
Depreciation	5.0	8.4	12.4	16.4
Other Income	1.3	0.6	3.8	2.1
EBIT	12.6	5.6	15.0	34.4
EBIT Margin Percentage	4.7	2.4	3.0	7.0
Finance Cost	11.9	9.5	21.6	19.6
Exceptional Item Gain / (Loss)	-1.8	0.0	-1.8	0.0
Profit/(Loss) before Tax	-1.1	-3.9	-8.4	14.8
Profit/(Loss) before Tax Margin Percentage	-0.4	-1.6	-1.7	3.0
Tax	0.0	-0.8	-4.3	3.9
Profit/(Loss)After Tax	-1.1	-3.1	-4.1	10.9

Consolidated Balance Sheet

Assets (in Rs. Crs)	Sep-23	Mar-23
Non - Current Assets	525.1	497.4
Property Plant & Equipment	442.1	443.7
CWIP	12.35	3.0
Intangible assets	0.3	0.3
Intangible assets under development	0.0	0.1
Right of use asset	2.8	3.4
Financial Assets		
Investments	7.8	7.0
Other Financial Assets	11.1	9.9
Deferred Tax Assets	7.6	5.7
Other Non - Current Assets (Net)	41.0	24.5
Current Assets	322.6	409.1
Inventories	170.04	242.0
Financial Assets		
(i) Investments	5.75	2.0
(ii) Trade receivables	111.0	118.7
(ii) Cash and cash equivalents	0.3	0.6
(iv) Bank balances other than cash and cash equivalents	4.3	5.9
(v) Loans	0.7	0.7
Other Financial Assets	0.3	0.4
Other Current Assets	30.3	38.9
Total Assets	847.7	906.6

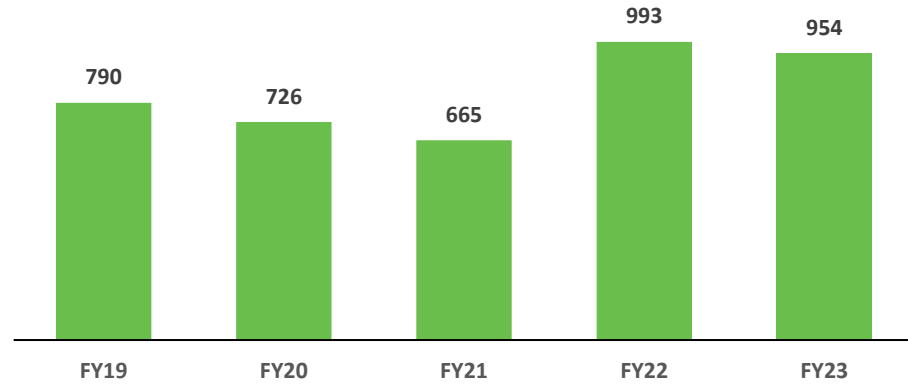
Equity & Liabilities (in Rs. Crs)	Sep-23	Mar-23
Total Equity	400.9	405.7
Share Capital	12.0	12.0
Reserves & Surplus	388.9	393.7
Non-Current Liabilities	157.1	168.0
Financial Liabilities		
Borrowings	132.0	145.0
Provisions	24.3	22.6
Other Non-Current Liabilities	0.8	0.4
Current Liabilities	289.7	332.8
Financial Liabilities		
(i) Borrowings	206.4	232.9
(ii) Trade Payables	45.3	63.1
(iii) Lease	0.3	0.9
(iv) Other Financial Liabilities	32.5	29.1
Other Current Liabilities	3.6	3.8
Provisions	1.7	3.1
Total Equity & Liabilities	847.7	906.6

Cash Flow Statement

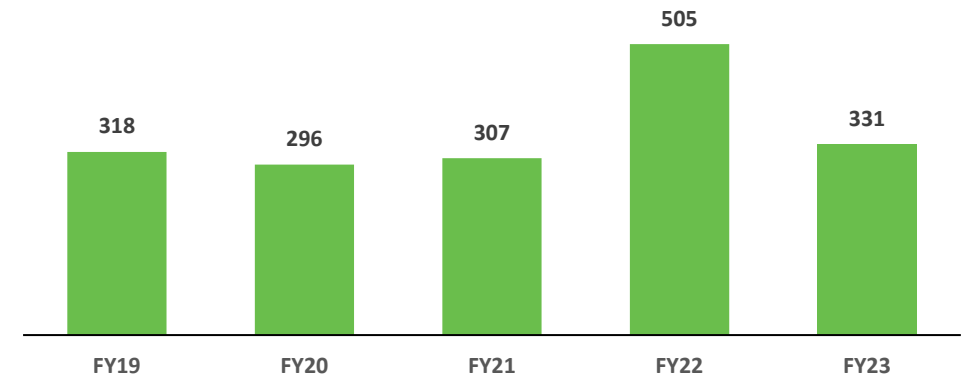
Particulars (in Rs. Crs)	As on 30-Sept-23	As on 31-Mar-23
Net Profit Before Tax	-6.7	-34.5
Adjustments for: Non -Cash Items / Other Investment or Financial Items	32.7	66.9
Operating profit before working capital changes	26.0	32.4
Changes in working capital	73.1	22.8
Cash generated from Operations	99.1	55.2
Direct taxes paid (net of refund)	2.3	-6.0
Net Cash from Operating Activities	101.4	49.2
Net Cash from Investing Activities	-41.3	-30.0
Net Cash from Financing Activities	-62.0	-23.3
Net Decrease in Cash and Cash equivalents	-1.9	-4.1
Add: Cash & Cash equivalents at the beginning of the period	6.5	10.6
Less: Bank balances not considered as Cash and Cash Equivalents as per IND AS7	4.3	-5.9
Cash & Cash equivalents at the end of the period	0.3	0.61

Historical Financials

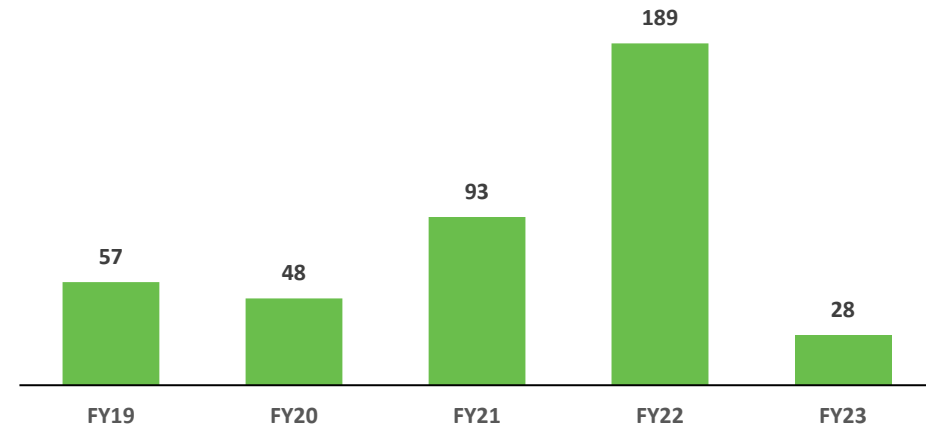
Revenue (₹ crore)



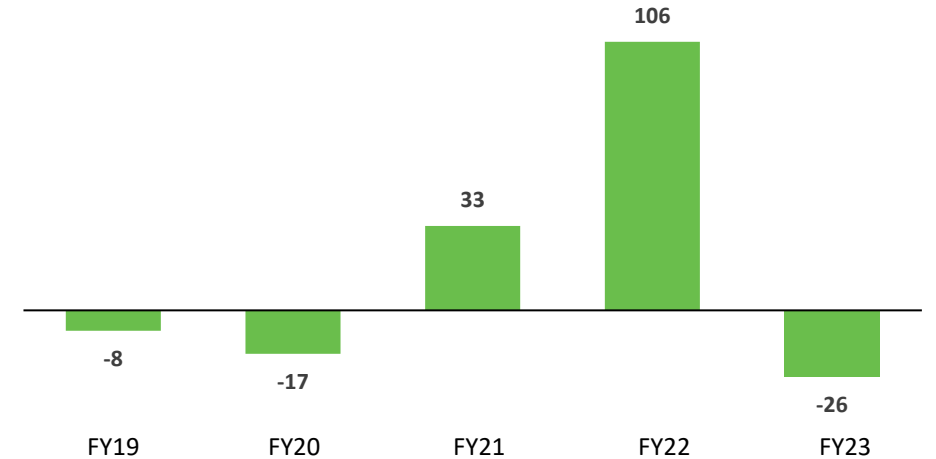
Gross Profit (₹ crore)



EBITDA (₹ crore)



PAT (₹ crore)



Historical Profit & Loss Statement

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

Historical Consolidated Balance Sheet

Assets (in Rs. Crs)	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
Non - Current Assets	497.4	495.1	471.6	491.9	547.6
Property Plant & Equipment	443.7	428.0	437.4	462.5	511.5
CWIP	3.0	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
Financial Assets					
Investments	7.0	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
Current Assets	409.1	438.1	286.1	239.7	239.6
Inventories	242.0	241.4	131.2	124.3	132.8
Financial Assets					
(i) Investments	2.0	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 balance 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
Total Assets	906.6	933.2	757.8	731.6	787.2

Equity & Liabilities (in Rs. Crs)	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
Total Equity	405.7	444.1	341.6	310.2	335.7
Share Capital	12.0	12.0	12.0	12.0	12.0
Reserves & Surplus	393.7	432.1	329.6	298.2	323.7
Non-Current Liabilities	168.0	110.0	128.2	147.8	175.5
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	-	-	-
Current Liabilities	332.8	379.1	288.0	273.6	276.0
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
Total Equity & Liabilities	906.6	933.2	757.8	731.6	787.2

Historical Cash Flow Statement

Particulars (in Rs. Crs)	FY23	FY22	FY21	FY20	FY19
Net Profit Before Tax	-34.5	133.8	33.0	-25.5	-7.8
Adjustments for: Non -Cash Items / Other Investment or Financial Items	66.9	58.9	64.2	63.0	67.8
Operating profit before working capital changes	32.4	192.7	97.1	38.3	60.0
Changes in working capital	22.8	-117.2	-70.9	15.5	13.2
Cash generated from Operations	55.2	75.5	26.2	53.8	73.2
Direct taxes paid (net of refund)	-6.0	-20.0	-0.2	-0.4	-0.1
Net Cash from Operating Activities	49.2	55.5	26.0	53.4	73.0
Net Cash from Investing Activities	-30.0	-54.8	-8.3	28.5	-8.2
Net Cash from Financing Activities	-23.3	0.9	-16.8	-81.9	-65.6
Net Decrease in Cash and Cash equivalents	-4.1	1.7	0.9	0.1	-0.8
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
Cash & Cash equivalents at the end of the period	0.61	1.5	1.1	0.4	0.7

For further information, please contact:

Company:



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