



February 13, 2024

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 nine months ended 31st December 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

February 2024

This presentation and the accompanying slides (the “Presentation”), which have been prepared by **Precot Limited** (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded

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

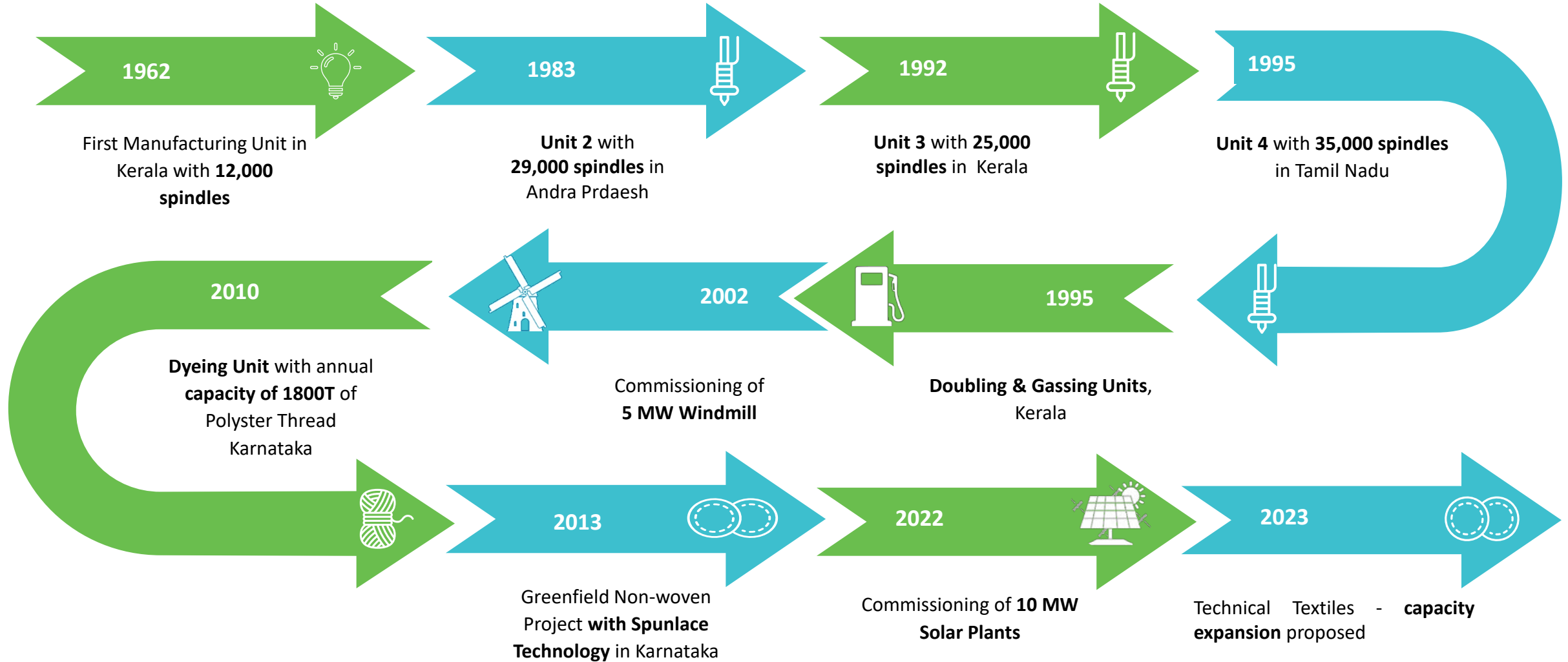
Private Label Specialist in
cotton-based products in
hygiene and cosmetics

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

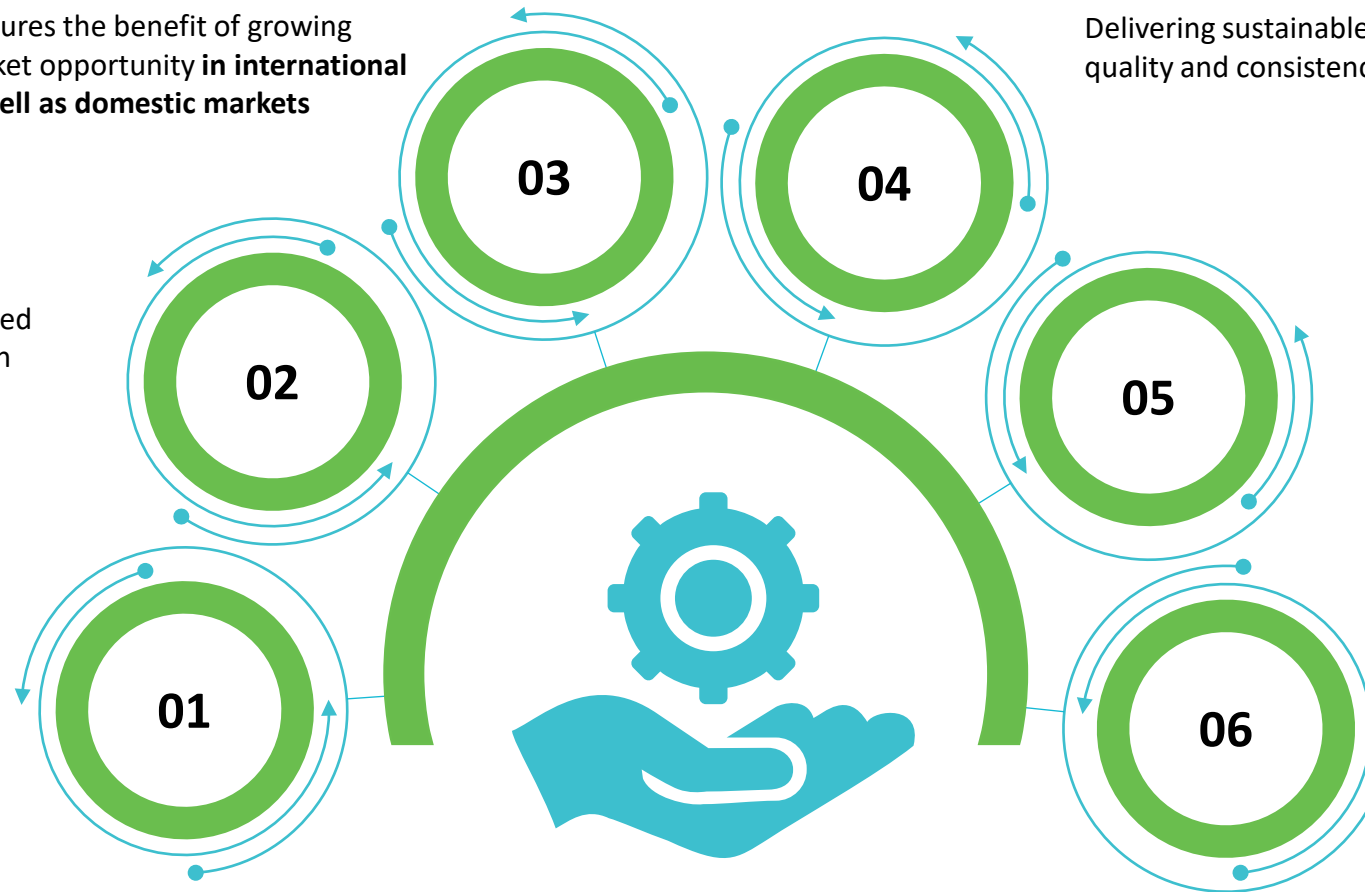
Continued efforts to improve **operational efficiencies and control on operating costs**. Constant steps taken to improve the balance sheet with **reduced debt**.

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

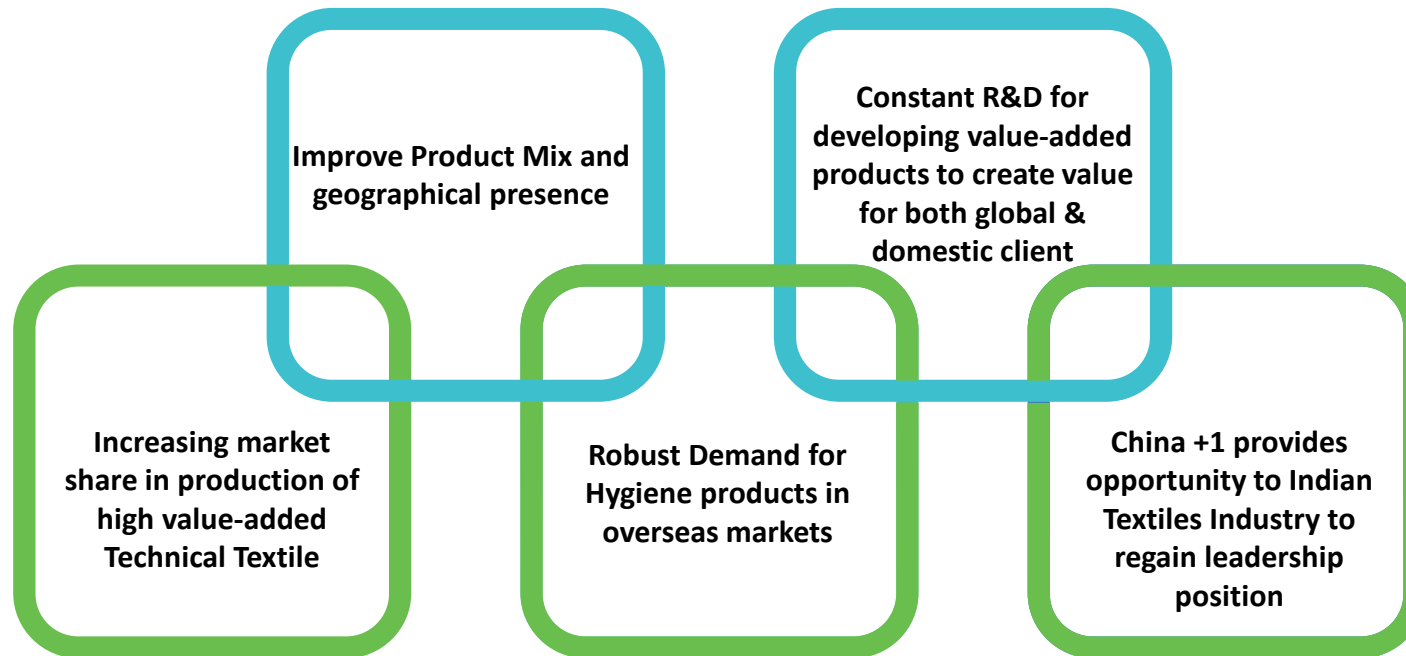
Newer and quality products to create product differentiation

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

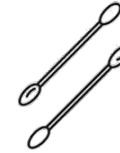
Absorbent Cotton

Products

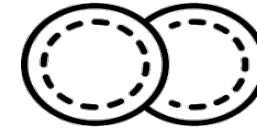
Our purified cotton is OEKO Tex and REACH compliant and Totally Chlorine Free (TCF).



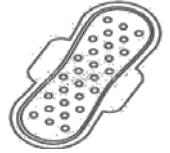
End User



Cotton buds



Cotton Pads



Sanitary Pads



Tampons and Spunlace manufacturers



Wipes

Cotton Pads

Our unique four-layer spunlace absorbent cotton pads.



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

Cotton Wool Rolls

Products

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



End User



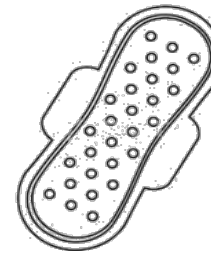
General hygiene



Baby cleaning

Cotton Spunlace Rolls

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



Sanitary Pads



Panty Liners

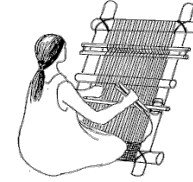
Our Product Portfolio – Yarn & Threads

Products

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



End User



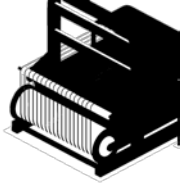
Weaving



Knitting



Sewing



Textile
Production

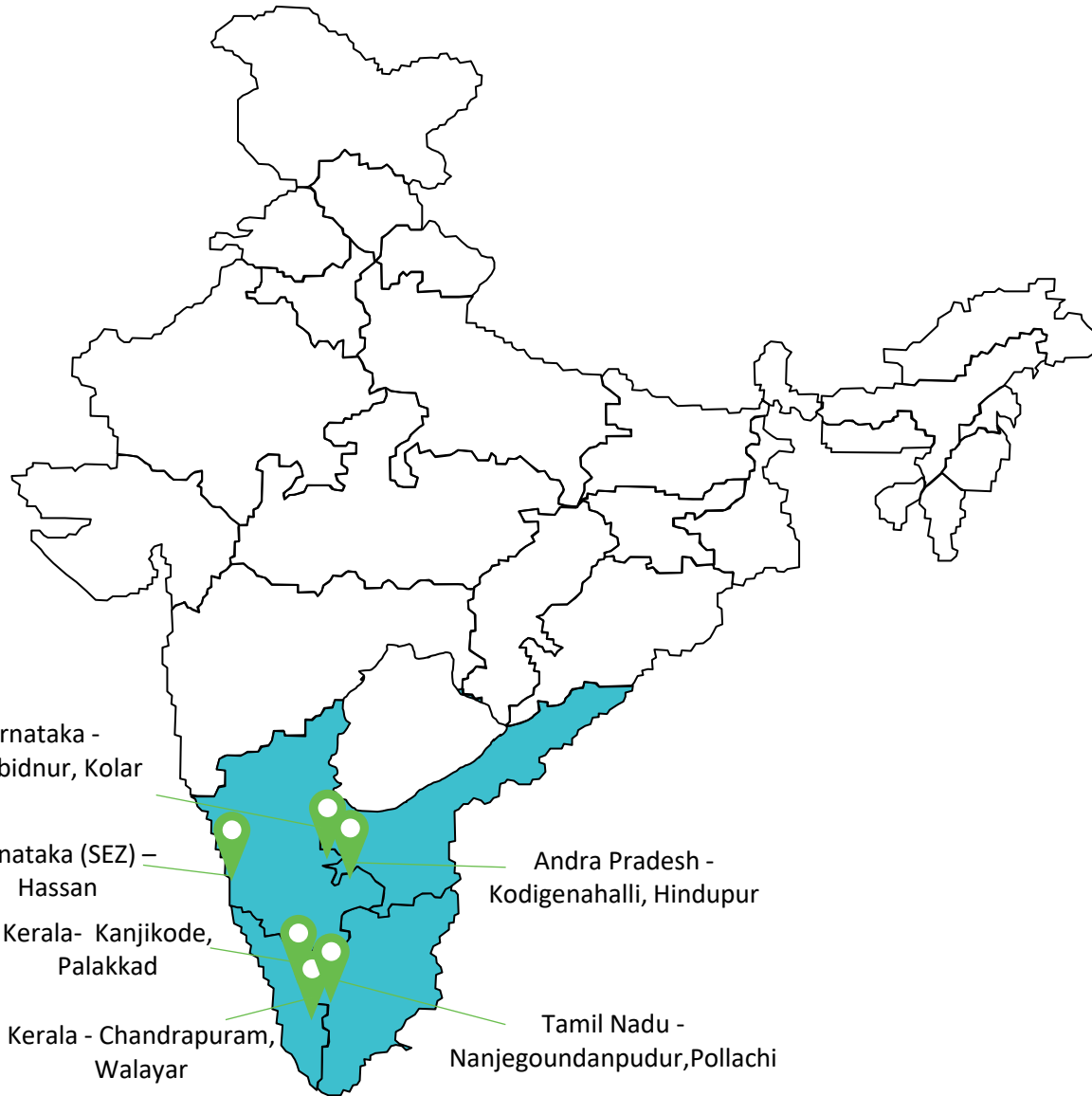
Our State-of-the-art Manufacturing Facilities



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

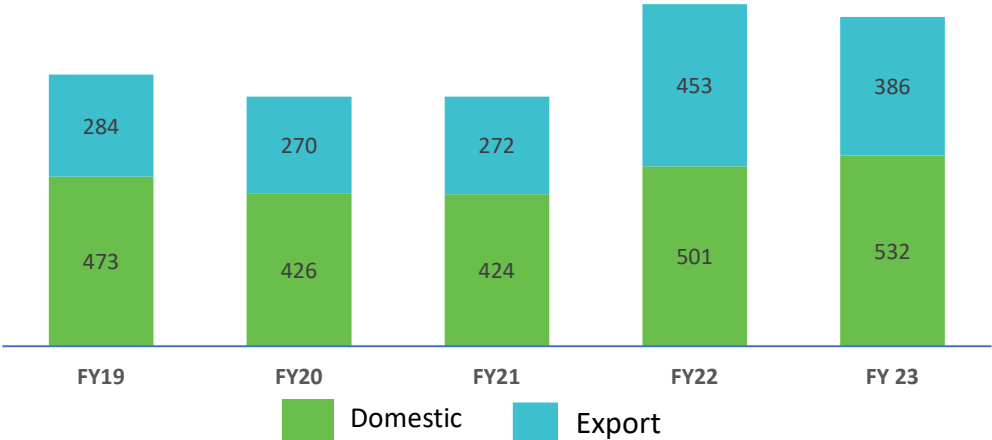
Container availability and reduced freight cost providing export relief

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

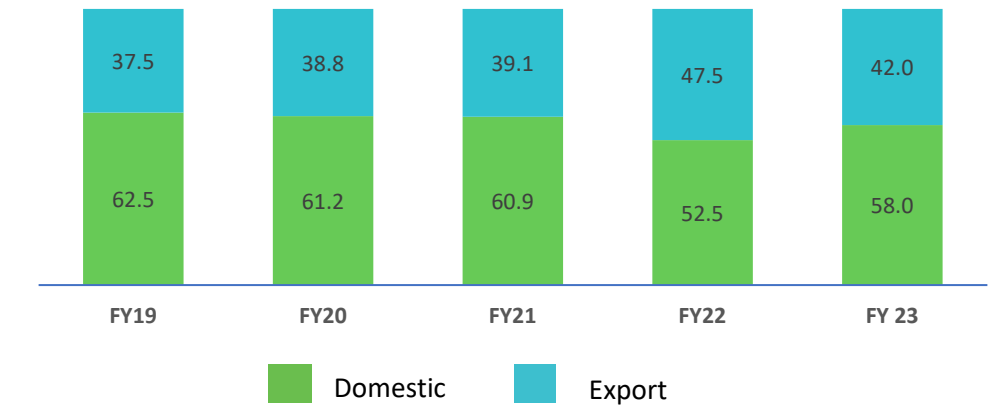
Long term relationship with key distributors and customers

Geography wise and segment wise breakup

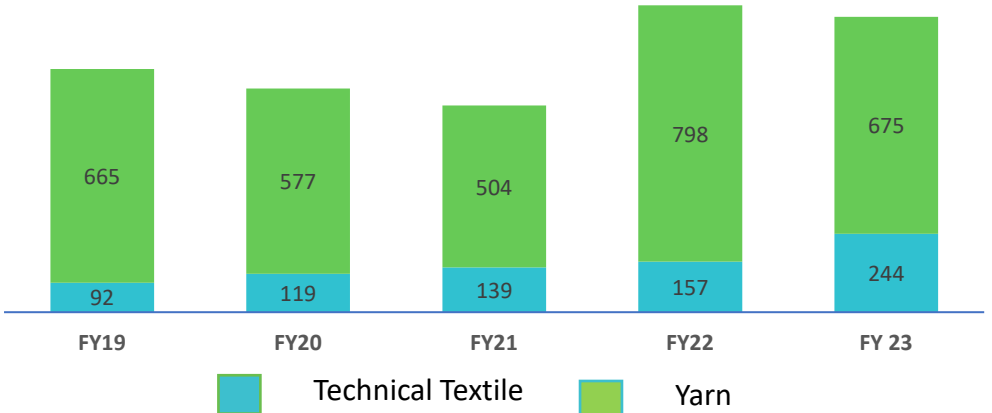
Geography wise (Rs. Crs)



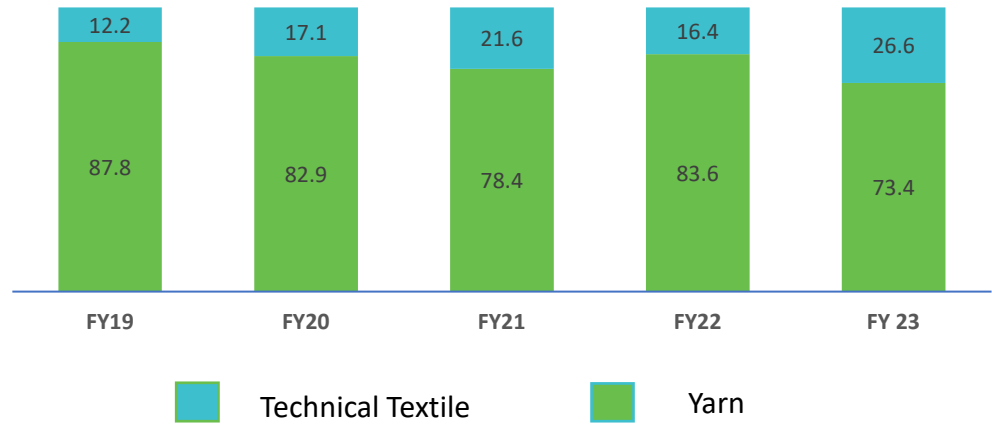
Geography wise (%)



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

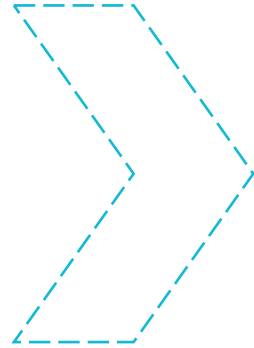
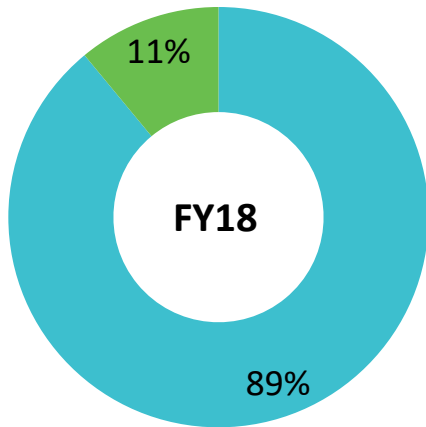


Maintain operational efficiency & profitability

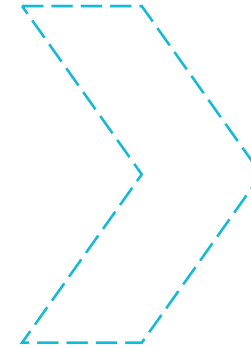
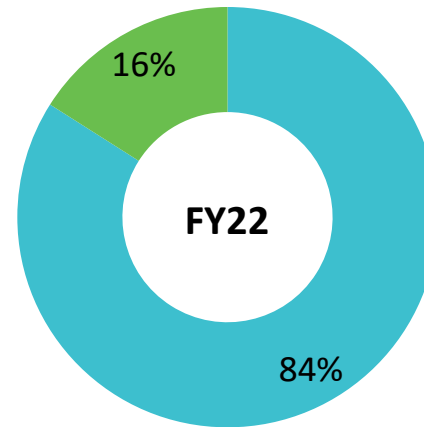
- Continue to invest in automation in order to avoid human error & consequently improve throughput
- Debt reduction strategy to strengthen the balance sheet and improve profitability

Growth plans and Path Ahead

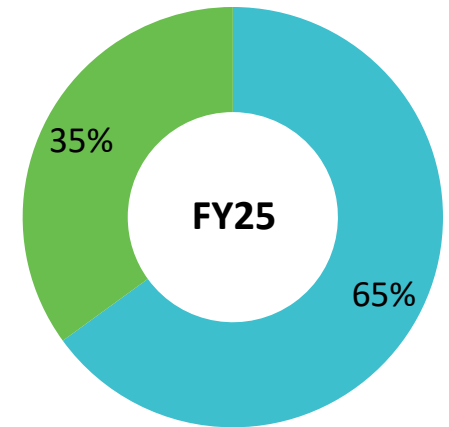
Historical mix



Existing mix



Target mix



■ Yarn ■ Technical Textile

Aiming to Increase our revenue share in technical textiles segment from 11% to 35% by FY25

Value added products to be targeted in current and new markets

Higher share of value-added products to aid in margin expansion and better return ratios

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 - **43 Years**

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

Mr. T Kumar

Designation - **Executive Director**

Age - **55 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 - **57 Years**

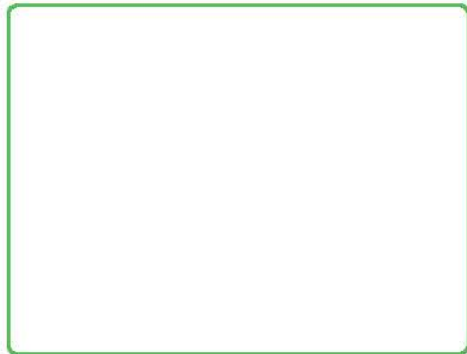
Experience - **More than 30 years of experience in Legal Profession**

Mr. Arun Selvaraj

Designation – **Independent Director**

Age - **55 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



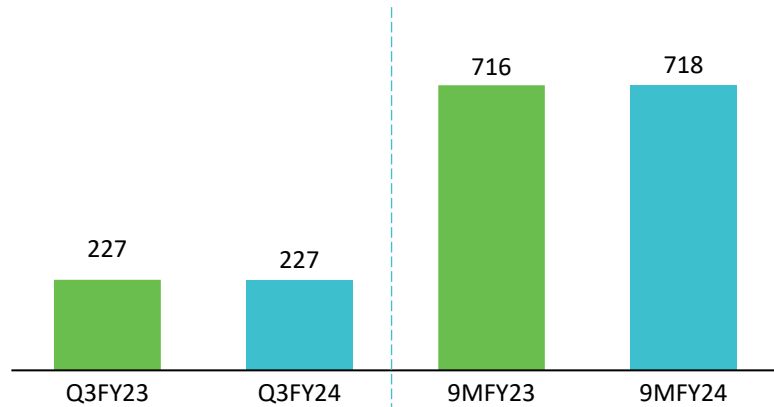
Use of Sustainable cotton using less chemicals and optimum Water. 20% of that cotton is used is organically grown



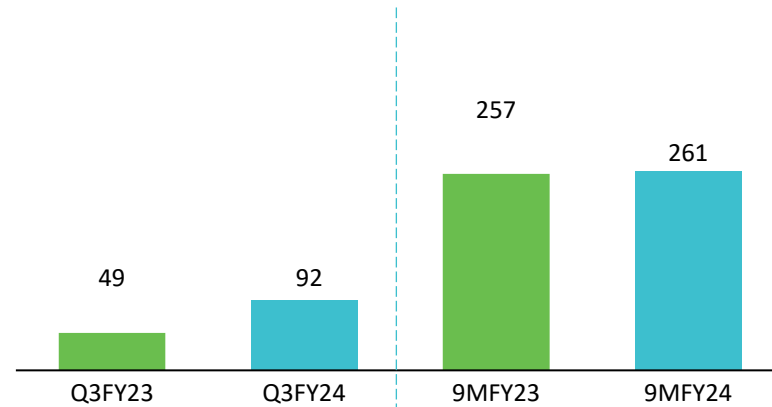
Financial Highlights

Q3 & 9M FY24 Financial Highlights

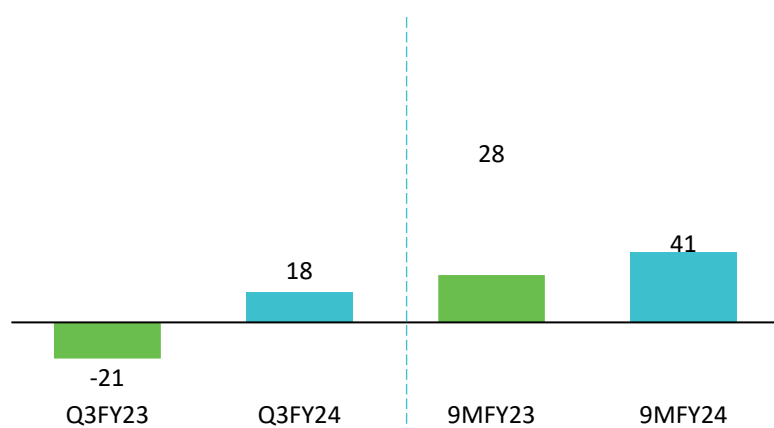
Revenue (₹ crore)



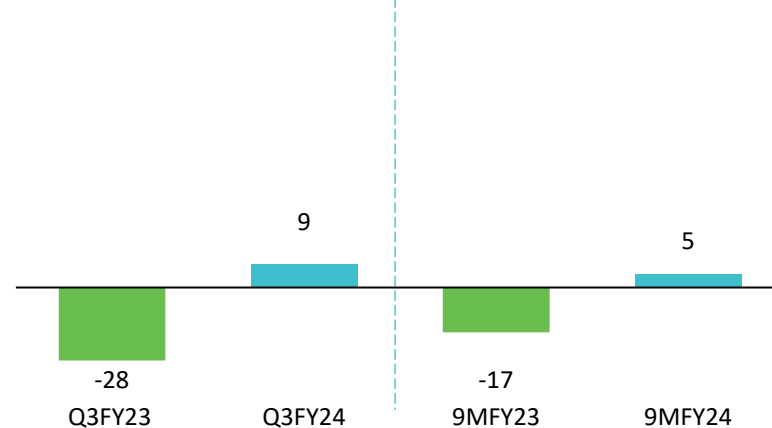
Gross Profit (₹ crore)



EBITDA (₹ crore)



PAT (₹ crore)



Highlights

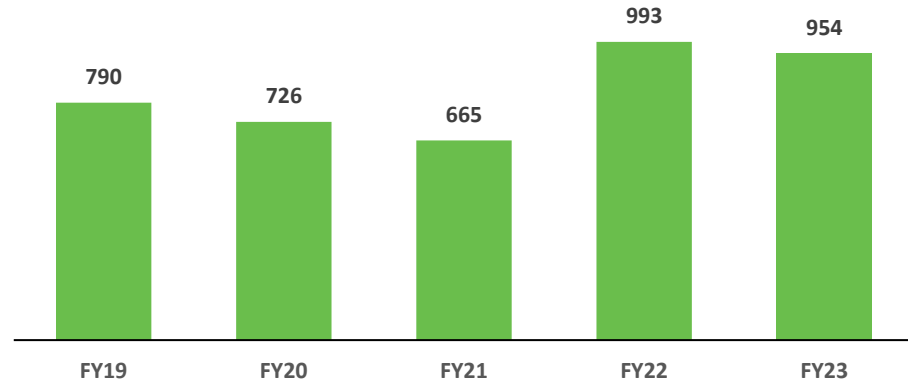
- Q3 FY24 Revenue stood at Rs 227 crore which is equal to last years' Q3 revenue.
- Gross Profit for Q3 FY24 stood at Rs 92 crore, increased from Rs. 49 crore in Q3 FY23.

Q3 & 9M FY24 Profit & Loss Statement

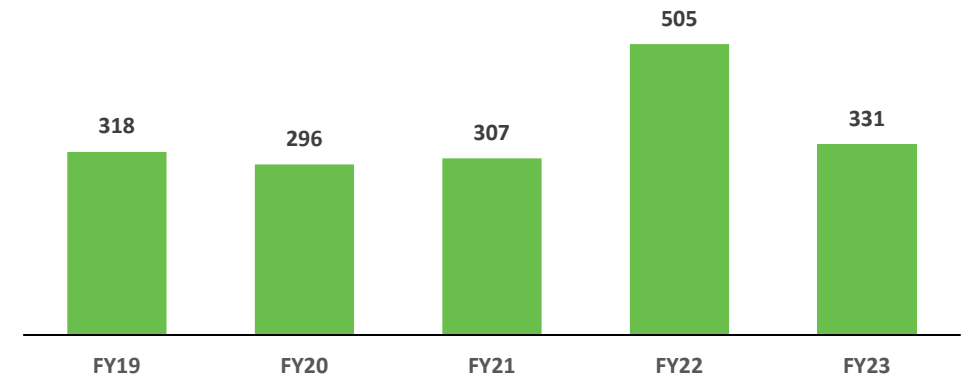
| Profit and Loss (in Rs. Crs) | Q3FY24 | Q3FY23 | Q2FY24 | 9MFY24 | 9MFY23 |
|---------------------------------|--------------|---------------|--------------|--------------|--------------|
| Revenue from Operations | 227.7 | 227.00 | 266.3 | 718.2 | 715.8 |
| Cost of Goods Sold | 136.0 | 177.7 | 175.7 | 457.6 | 459.0 |
| Gross Profit | 91.7 | 49.3 | 90.6 | 260.6 | 256.8 |
| Gross Profit Margin | 40.3 | 21.7 | 34.0 | 36.3 | 35.9 |
| Employee Cost | 23.2 | 20.0 | 22.4 | 68.0 | 63.6 |
| Other Expenses | 50.8 | 50.2 | 51.9 | 151.3 | 165.4 |
| EBITDA | 17.7 | -20.9 | 16.3 | 41.3 | 27.8 |
| EBITDA Margin | 7.8 | -9.2 | 6.1 | 5.8 | 3.9 |
| Depreciation | 5.1 | 8.5 | 5.0 | 17.5 | 25.0 |
| Other Income | 2.0 | 1.5 | 1.3 | 5.8 | 3.5 |
| EBIT | 14.6 | -27.9 | 12.6 | 29.6 | 6.3 |
| EBIT Margin | 6.4 | -12.3 | 4.7 | 4.1 | 0.9% |
| Finance Cost | 8.1 | 8.7 | 11.9 | 29.7 | 28.3 |
| Exceptional Item Gain / (Loss) | 0.0 | 0.0 | -1.8 | -1.8 | 0.0 |
| Profit before Tax | 6.5 | -36.6 | -1.1 | -1.9 | -21.9 |
| Profit before Tax Margin | 2.9 | -16.1 | -0.4 | -0.3 | -3.1% |
| Tax | -2.3 | -8.8 | 0.0 | -6.6 | -4.8 |
| Profit After Tax | 8.8 | -27.8 | -1.1 | 4.7 | -17.2 |

Historical Financials

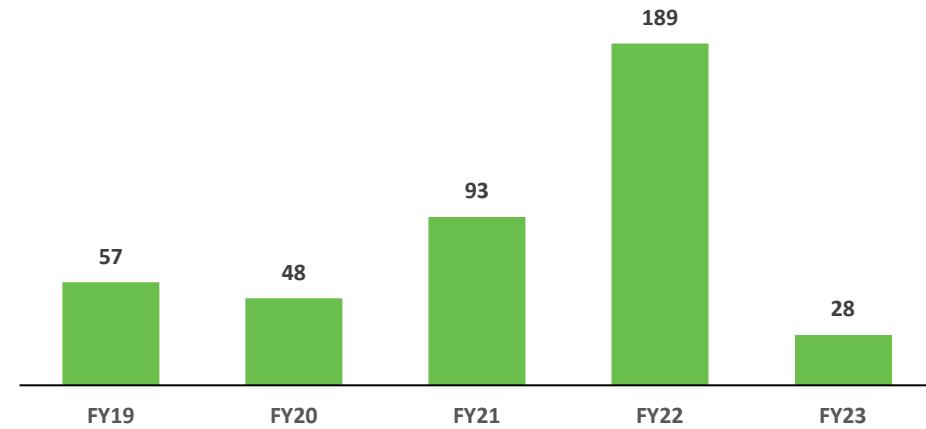
Revenue (₹ crore)



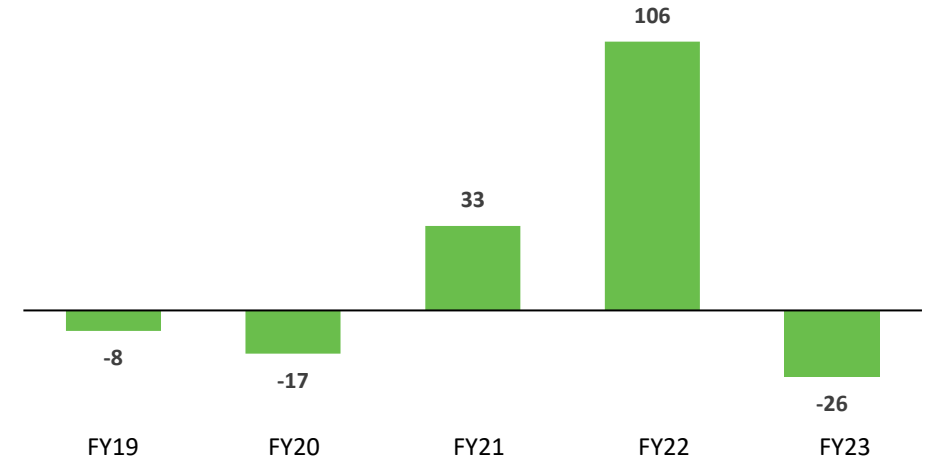
Gross Profit (₹ crore)



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:

Investor Relations Advisors:



Precot Limited

CIN: L17111TZ1962PLC001183

Mrs S. Kavitha

kavitha@precot.com

www.precot.com