



February 14, 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 Investor Presentation for the quarter and nine months ended 31.12.2022. 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

**Kavitha
Subramaniam**

Digitally signed by Kavitha Subramaniam
DN: cn=K, ou=Personal, email=16559
pseudonym=133021619311344835581848233nef,
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78e840c420b1e6c8280550, cn=Kavitha Subramaniam
Date: 2023.02.14 17:37:03 +05'30'

**S Kavitha
Company Secretary**

Precot Limited,
Regd Office : D Block, 4th Floor, Hanudev Info Park, Nava India Road,
Udaiyampalayam, Coimbatore - 641 028
Tel: 0091 422 4321100 | Email: co@precot.com
CIN: L17111TZ1962PLC001183 | Website: www.precot.com



Reliable, Agile and Innovative

Investor Presentation

February 2023

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Yarn & Threads

Technical Textile

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

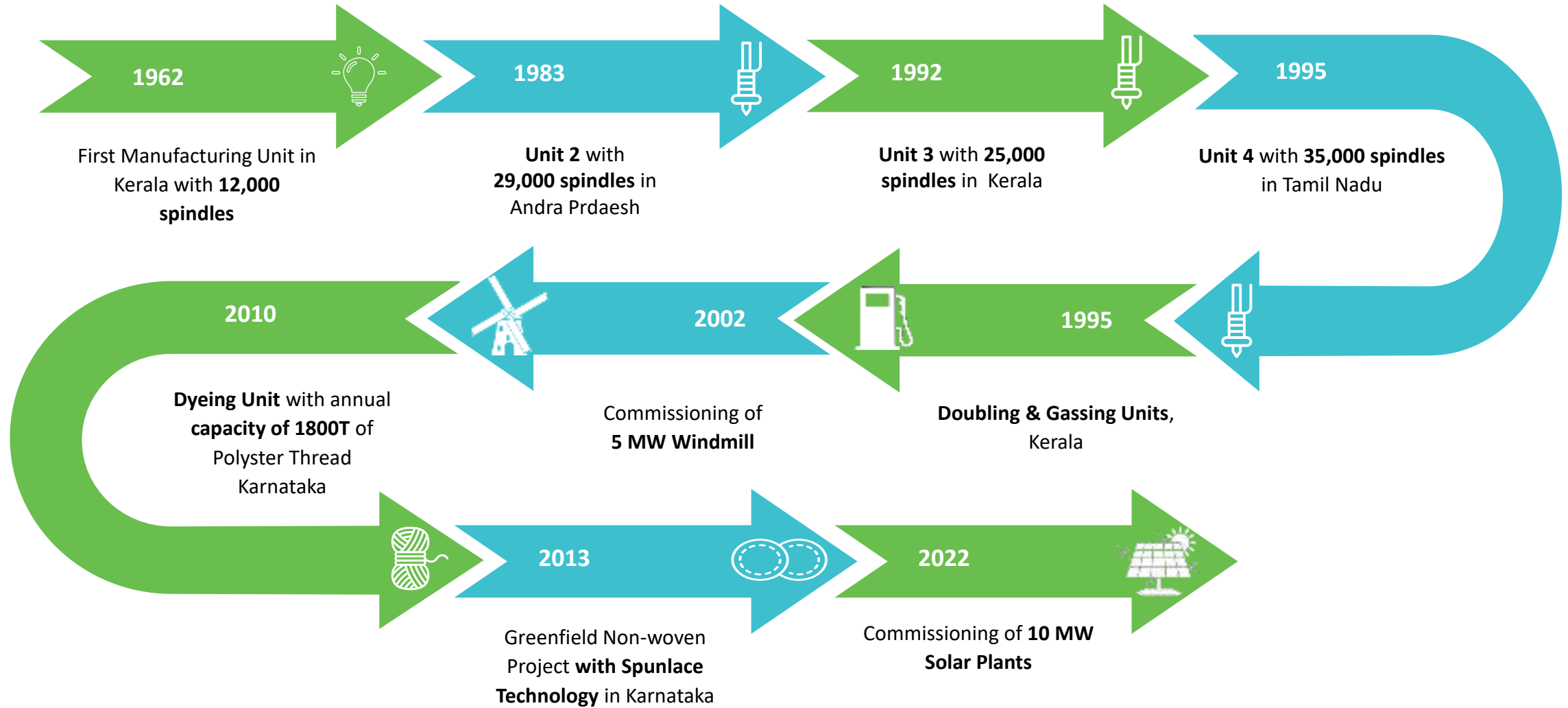
Private Label Specialist in cotton-based products in hygiene and cosmetics

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.

Product Diversification

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

Technical Advancements

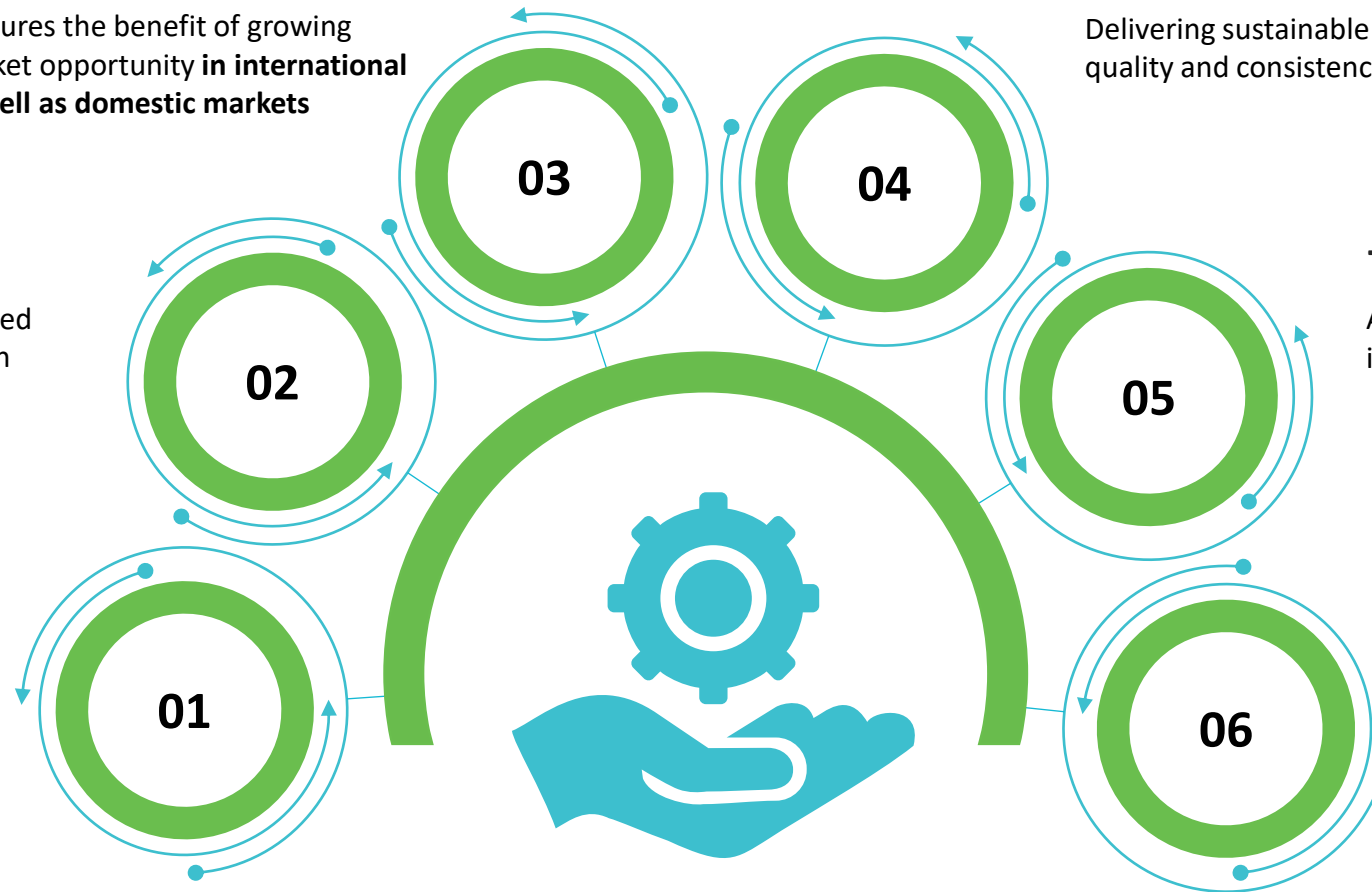
Automation for business process improvements and debottlenecking

Diversified Network

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

Financial Stability

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





Diversified range of cotton yarns and threads

165,000 spindles

Organic, BCI & normal cotton and polyester

Production of specialty and blended yarn

Products Integration with supply chains



Newer and quality products to create product differentiation

Value addition

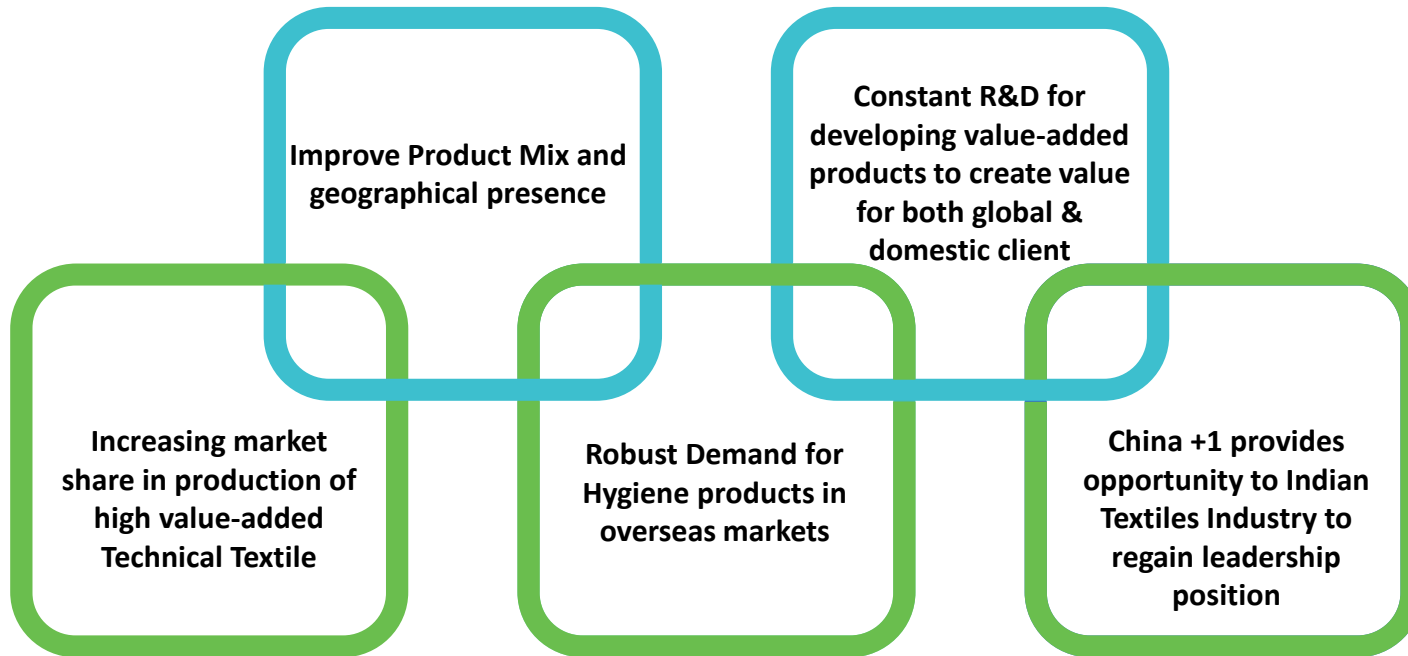
Efforts to improve **operational efficiencies**

Margin Expansion

Expanding in existing and entering new geographies

Geographical Presence

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

Products

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



Absorbent Cotton

End User



Cotton buds



Cotton Pads



Sanitary Pads



Tampons and Spunlace manufacturers



Wipes

Our unique four-layer spunlace absorbent cotton pads.



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



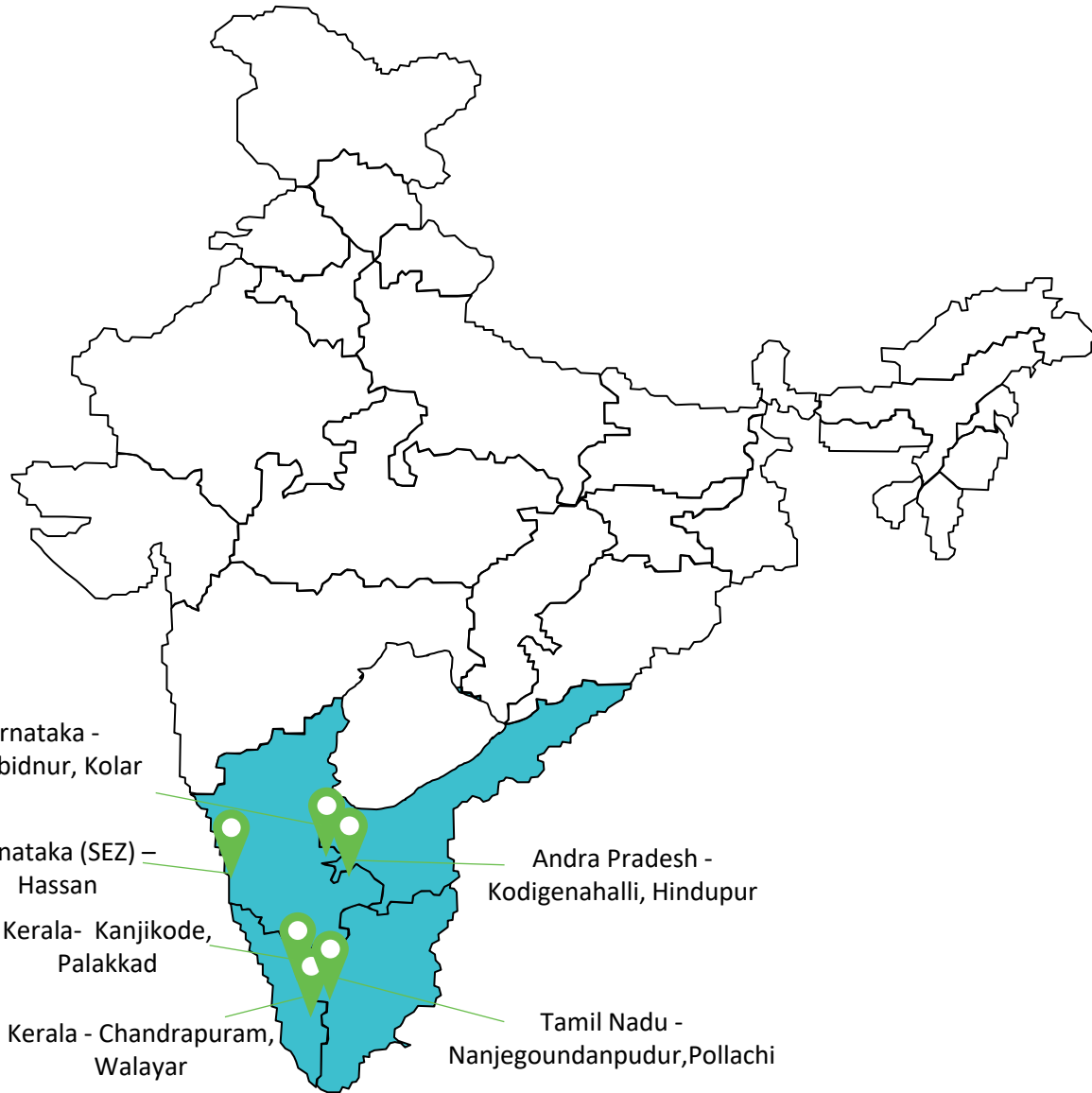
Textile Production



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 FY22 - Rs 453 crore

Key Takeaways

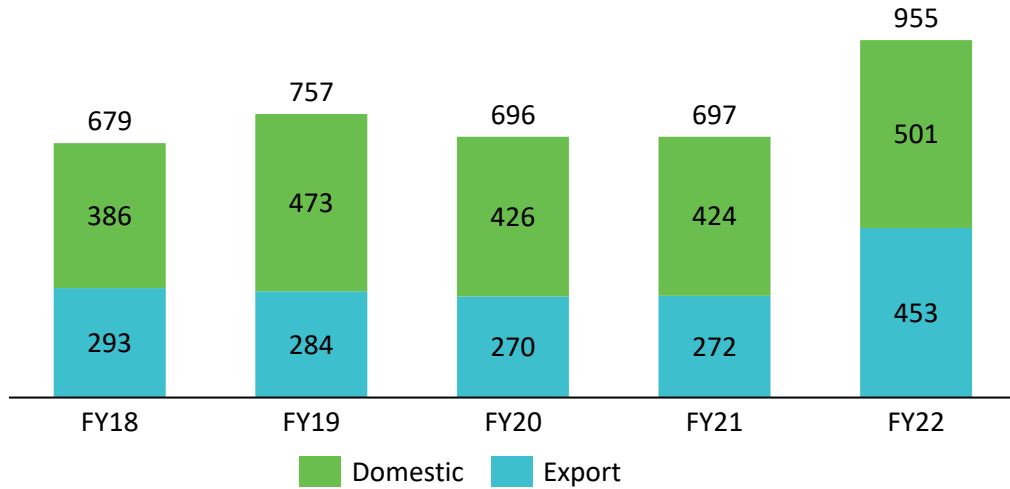
Container availability and reduced freight cost providing export relief

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

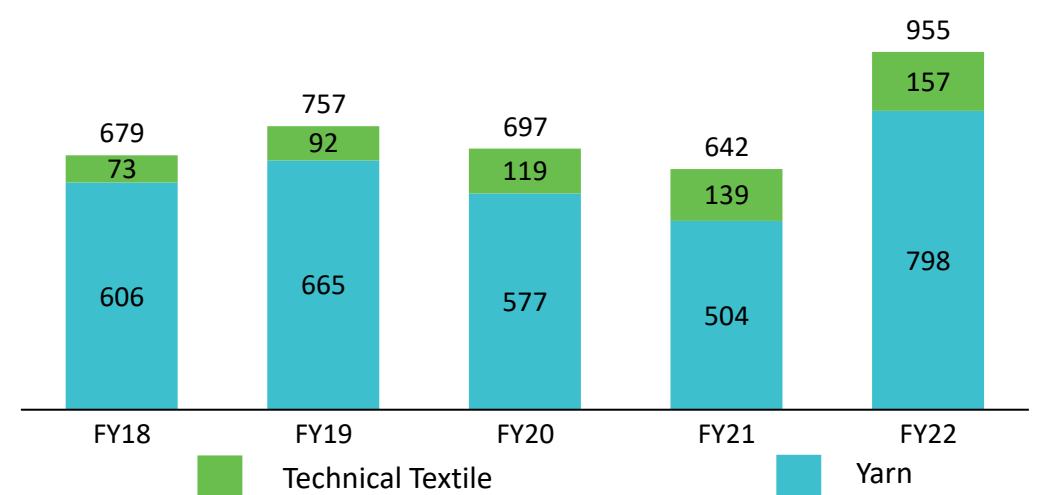
Long term relationship with key distributors and customers

Geography wise and segment wise breakup

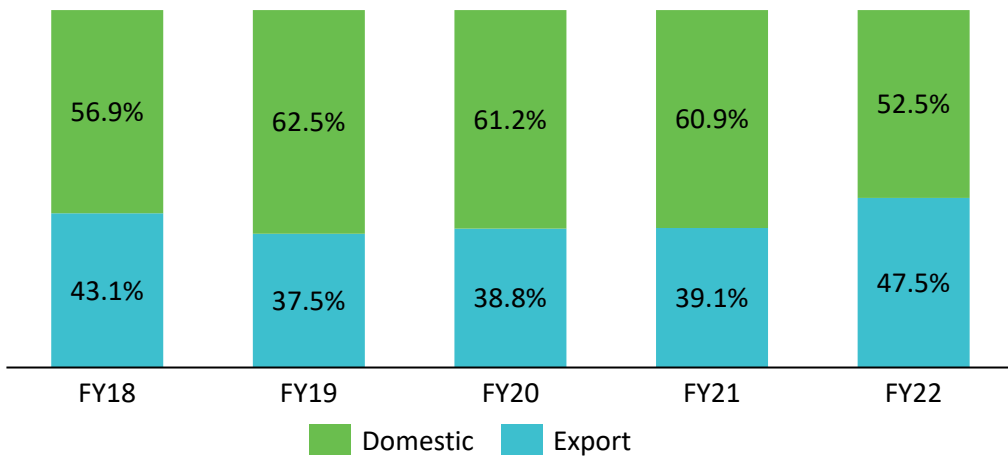
Geography wise (Rs. Crs)



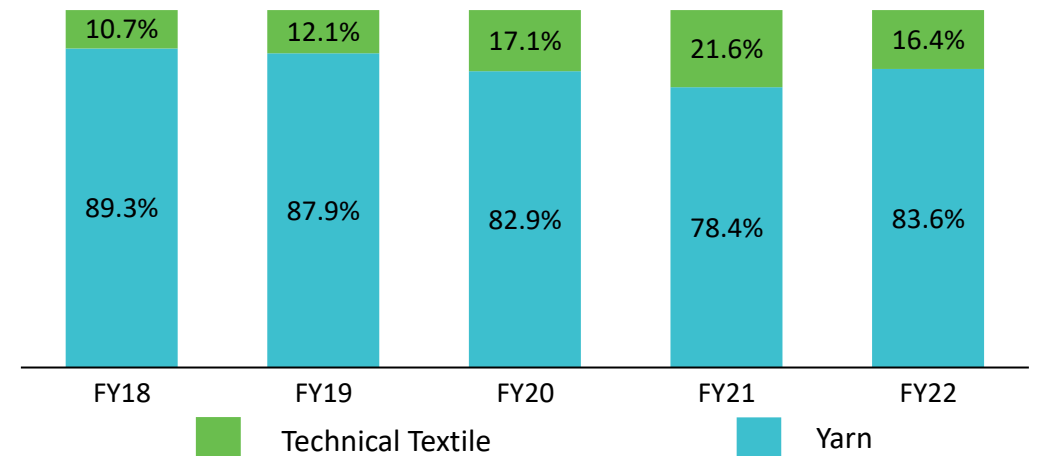
Segment wise (Rs. Crs)

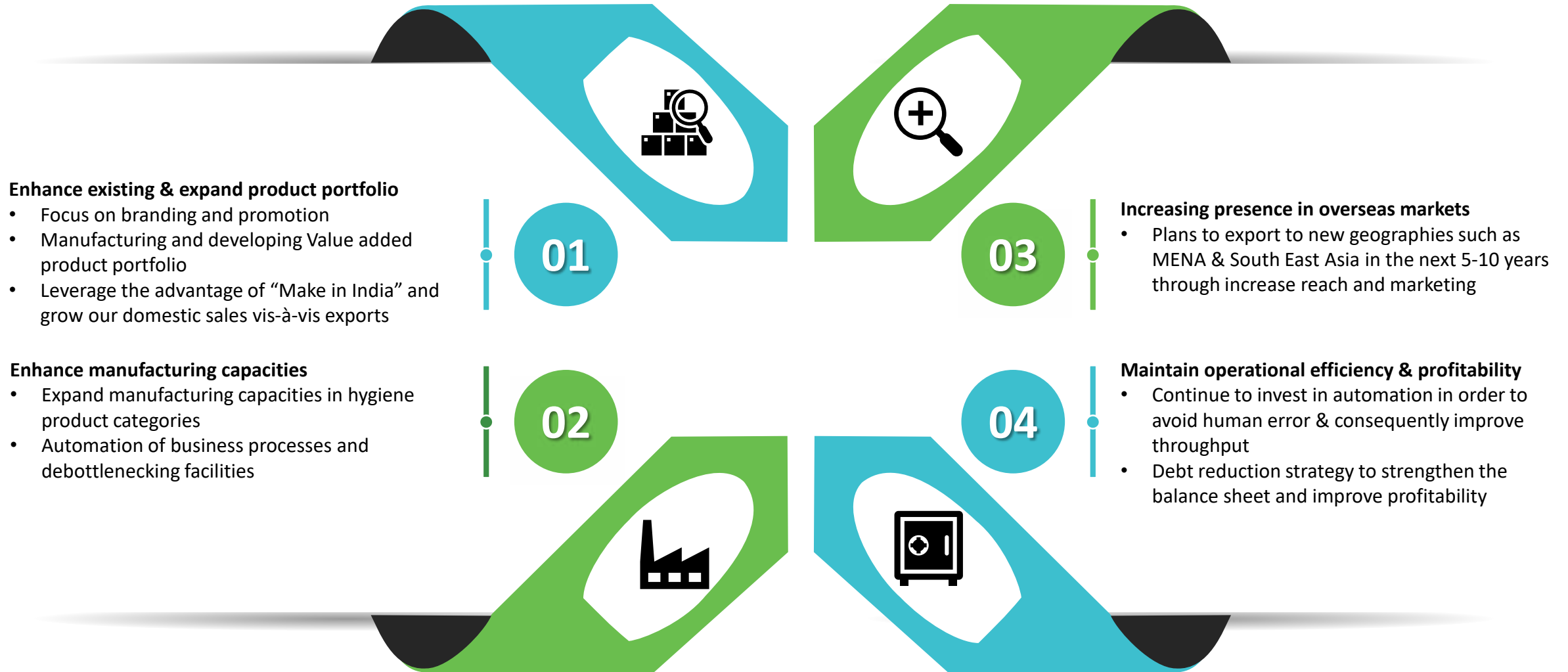


Geography wise (%)



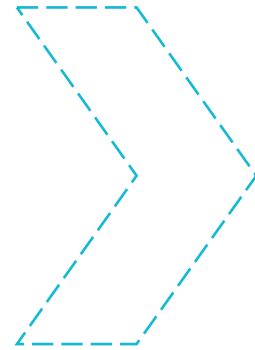
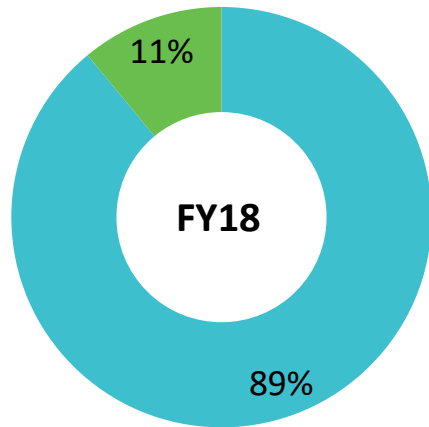
Segment wise (%)



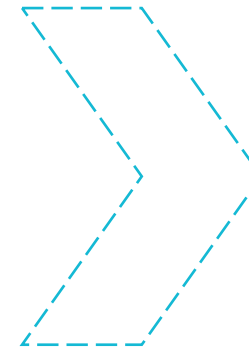
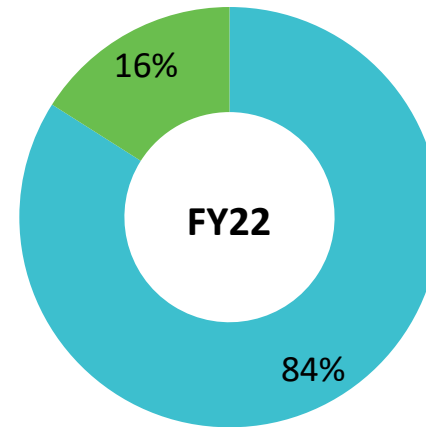


Growth plans and Path Ahead

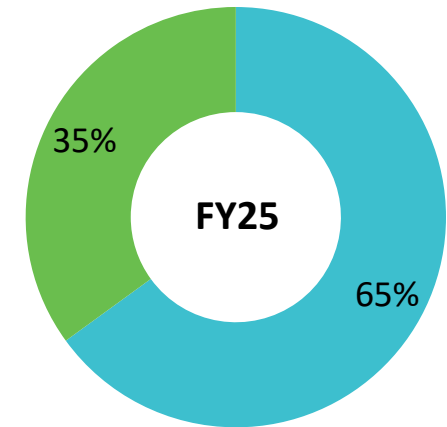
Historical mix



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



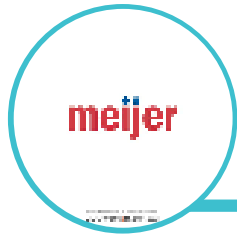
Dollar General



Dove



The Kroger Co.



Meijer Inc.



K Mart



Coles Supermarkets



Aldi



Mr. Ashwin Chandran

Designation - **Chairman & MD**

Age - **46 Years**

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

Mr. Sumanth Ramamurthi

Designation - **Independent Director**

Age - **63 Years**

Experience - **More than 3 decades of experience in the textile industry**

Mrs. R Bhuvaneshwari

Designation – **Independent Director**

Age - **60 Years**

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

Mr. Prashant Chandran

Designation - **Vice Chairman & MD**

Age - **41 Years**

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

Mr. Jairam Varadaraj

Designation – **Independent Director**

Age - **61 Years**

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

Mr. P Vijay Raghunath

Designation – **Independent Director**

Age - **55 Years**

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

Dr. Vinay Balaji Naidu

Designation - **Independent Director**

Age - **43 Years**

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

Mr. T Kumar

Designation - **Executive Director**

Age - **53 Years**

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

Mr. C N Srivatsan

Designation – **Independent Director**

Age - **65 Years**

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

Mr. Arun Selvaraj

Designation – **Independent Director**

Age - **54 Years**

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

Certifications





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



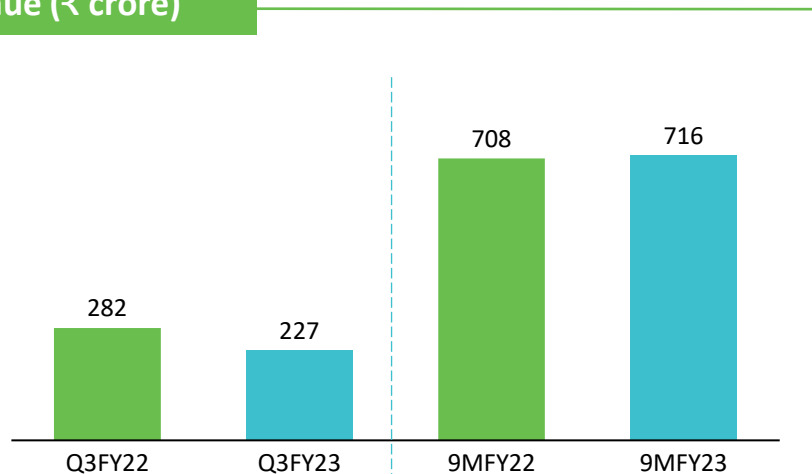
Use of Sustainable cotton using less chemicals and optimum Water. 20% of that cotton is used is organically grown

Financial Highlights

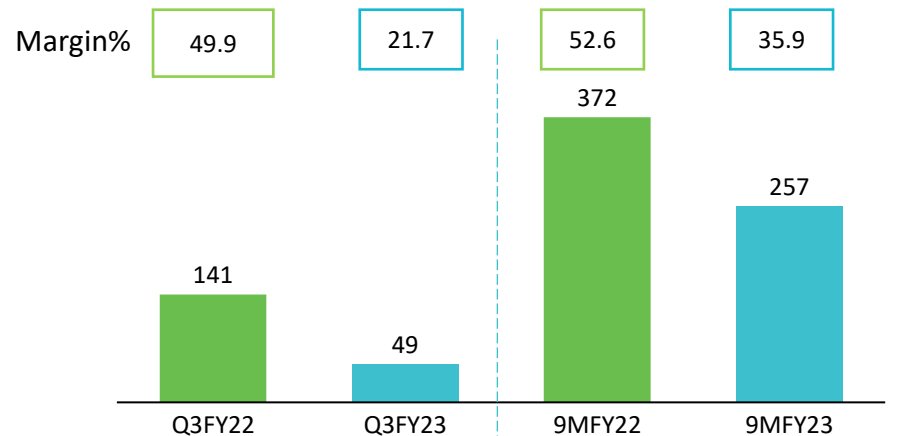


Q3 & 9M FY23 Financial Highlights

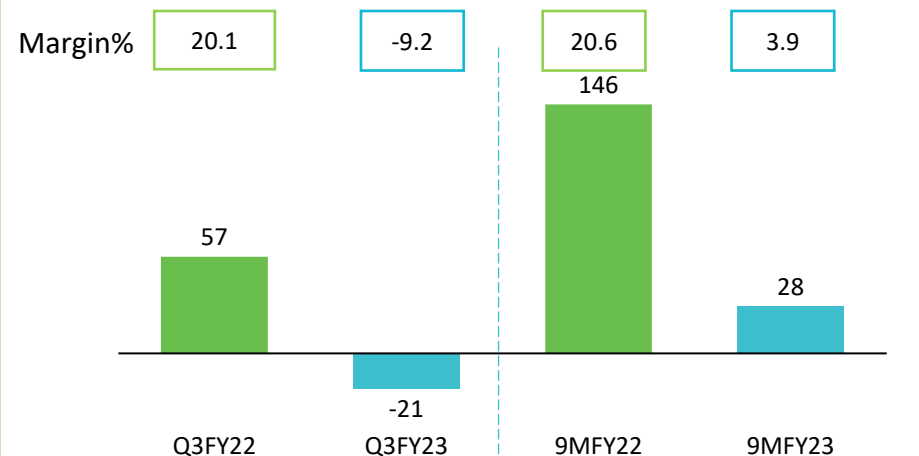
Revenue (₹ crore)



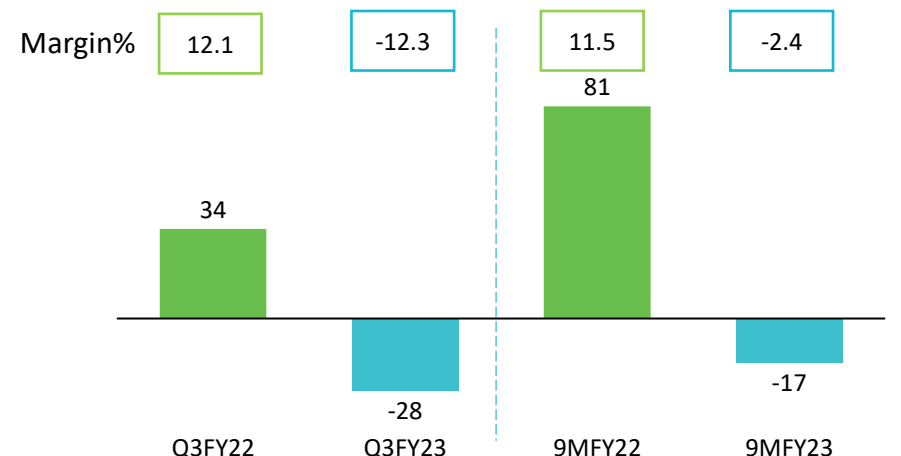
Gross Profit (₹ crore)



EBITDA (₹ crore)



PAT (₹ crore)



Highlights

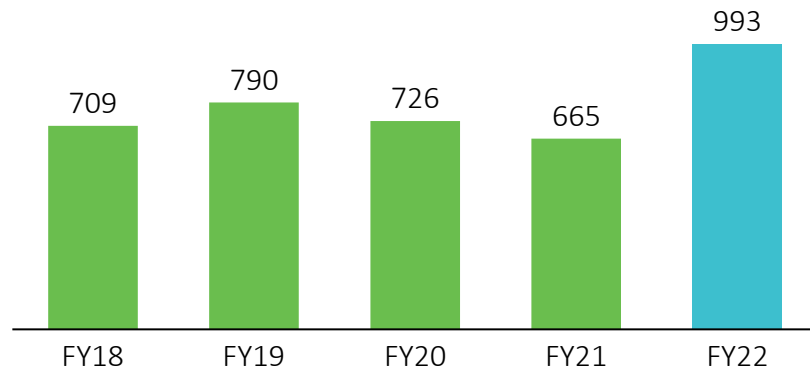
- Q3FY23 Revenue stood at Rs 227 crore vs. Rs 282 crore in Q3FY22, decline due to reduced yarn prices
- Drop in yarn prices significantly from average price of Rs.408 in Q2 and Rs. 345 in Q3.
- Gross Profit for Q3 FY23 stood at Rs 49 crore, reduced from Rs. 141 crore in Q3FY22; due to inventory write down of Rs. 15.42 crores on account of reduced estimated net realisable value
- Switch to commodity counts due to poor demand in export markets.

Q3 & 9M FY23 Profit & Loss Statement

Profit and Loss (in Rs. Crs)	Q3FY23	Q3FY22	YoY	Q2FY23	QoQ	9MFY23	9MFY22	YoY
Revenue from Operations	227.0	281.8	-19.5%	235.4	-3.6%	715.8	708.2	1.1%
Cost of Goods Sold	177.7	140.9		147.4		459.0	335.8	
Gross Profit	49.3	140.9	-65.0%	88.0	-43.9%	256.8	372.5	-31.1%
Gross Profit Margin	21.7%	50.0%		37.4%		35.9%	52.6%	
Employee Cost	20.0	23.9		21.1		63.6	69.3	
Other Expenses	50.2	60.4		53.5		165.4	157.4	
EBITDA	-20.9	56.6	NM	13.4	NM	27.8	145.7	-80.9%
EBITDA Margin	-9.2%	20.1%		5.7%		3.9%	20.6%	
Depreciation	8.5	8.2		8.4		25.0	24.6	
Other Income	1.5	0.5		0.6		3.5	4.7	
EBIT	-28.0	49.0	NM	5.6	NM	6.3	125.8	-95.0%
EBIT Margin	-12.3%	17.4%		2.4%		0.9%	17.8%	
Finance Cost	8.7	4.7		9.5		28.3	20.9	
Exceptional Item Gain / (Loss)	0.0	0.0		0.0		0.0	0.0	
Profit before Tax	-36.7	44.3	NM	-3.9	NM	-21.9	104.9	NM
Profit before Tax Margin	-16.2%	15.7%		-1.6%		-3.1%	14.8%	
Tax	-8.8	10.1		-0.8		-4.8	23.7	
Profit After Tax	-27.9	34.2	NM	-3.1	NM	-17.1	81.2	NM

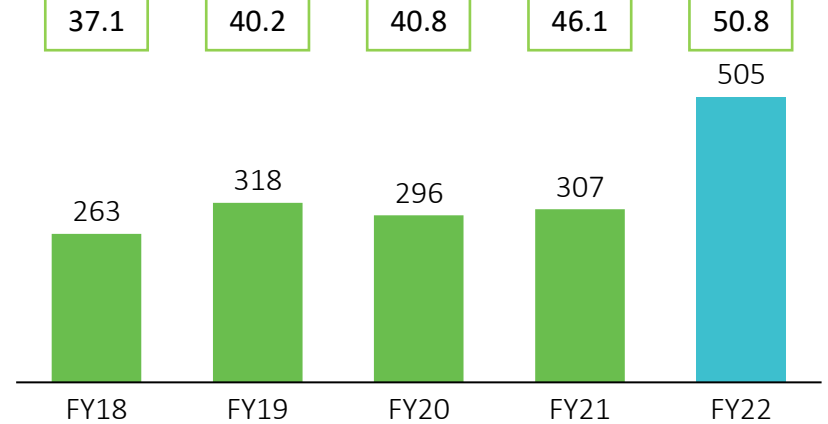
Historical Financials

Revenue (₹ crore)



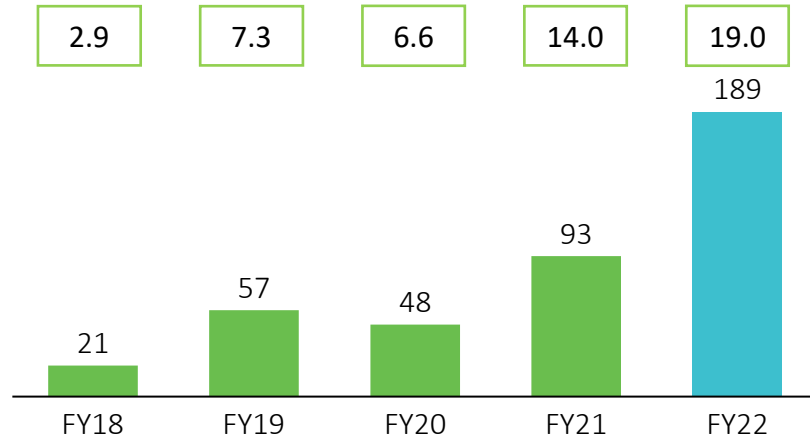
Gross Profit (₹ crore)

Margin%



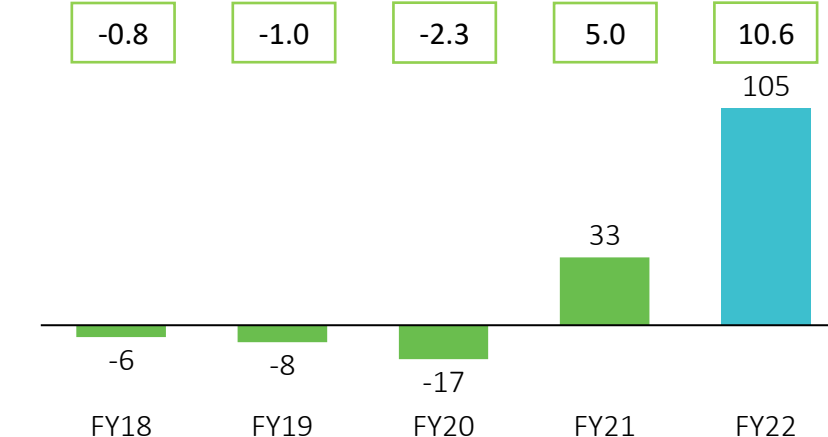
EBITDA (₹ crore)

Margin%



PAT (₹ crore)

Margin%



Historical Profit & Loss Statement

Profit and Loss (in Rs. Crs)	FY22	FY21	FY20	FY19	FY18
Revenue from Operations	993.3	665.1	726.1	790.1	709.2
Cost of Goods Sold	488.6	358.6	430.1	472.5	446.1
Gross Profit	504.7	306.6	296.0	317.7	263.0
Gross Profit Margin	50.8%	46.1%	40.8%	40.2%	37.1%
Employee Cost	93.6	73.6	71.7	76.9	72.3
Other Expenses	222.3	139.9	176.7	183.4	170.1
EBITDA	188.8	93.1	47.7	57.3	20.7
EBITDA Margin	19.0%	14.0%	6.6%	7.3%	2.9%
Depreciation	32.5	33.2	32.7	31.4	32.6
Other Income	6.5	5.7	4.4	6.3	5.4
EBIT	162.7	65.7	19.4	32.3	-6.5
EBIT Margin	16.4%	9.9%	2.7%	4.1%	-0.9%
Finance Cost	29.0	32.7	32.3	40.5	40.8
Exceptional item Gain/(Loss)	0.0	0.0	0.0	0.0	41.5
Profit before Tax	133.8	33.0	-13.0	-8.3	-5.8
Profit before Tax Margin	13.5%	5.0%	-1.8%	-1.0%	-0.8%
Tax	28.3	0.0	3.6	0.0	0.0
Profit After Tax	105.4	33.0	-16.5	-8.3	-5.8
Profit After Tax Margin	10.6%	5.0%	-2.3%	-1.0%	-0.8%

Historical Consolidated Balance Sheet

Assets (in Rs. Crs)	Mar-22	Mar-21	Mar-20	Mar-19	Mar-18
Non - Current Assets	495.1	471.6	491.9	547.6	567.5
Property Plant & Equipment	428.0	437.4	462.5	511.5	532.7
CWIP	31.6	2.6	1.4	2.4	1.0
Intangible assets	0.4	0.4	0.4	0.3	0.4
Right of use asset	4.6	5.9	7.2	0.0	0.0
Intangible assets under development	0.0	0.1	0.0	0.0	0.0
Financial Assets					
Investments	12.2	10.8	10.9	18.4	17.2
Loans	0.0	0.0	7.6	6.5	7.1
Other Financial Assets	8.1	9.9	0.0	0.0	0.0
Other Non - Current Assets (Net)	10.2	4.6	1.9	8.7	9.1
Current Assets	438.1	286.1	239.7	239.6	256.2
Inventories	241.4	131.2	124.3	132.8	154.8
Financial Assets					
(i) Trade receivables	140.0	102.1	89.3	79.8	73.9
(ii) Cash and cash equivalents	1.5	1.1	0.4	0.7	1.6
(iii) Bank bal other than (ii)	9.2	7.9	7.6	7.2	7.1
(iv) Loans	0.6	0.8	0.6	0.6	0.7
Other Financial Assets	0.4	0.5	0.5	0.6	0.5
Other Current Assets	45.0	42.6	17.0	18.0	17.6
Total Assets	933.2	757.8	731.6	787.2	823.7

Equity & Liabilities (in Rs. Crs)	Mar-22	Mar-21	Mar-20	Mar-19	Mar-18
Total Equity	444.1	341.6	310.2	335.7	343.5
Share Capital	12.0	12.0	12.0	12.0	12.0
Reserves & Surplus	432.1	329.6	298.2	323.7	331.5
Non-Current Liabilities	110.0	128.2	147.8	175.5	207.7
Financial Liabilities					
(i) Borrowings	81.7	104.6	120.3	146.7	178.0
(ii) Lease Liabilities	0.9	1.9	0.0	0.0	0.0
(iii) Other Financial Liabilities	0.2	0.2	6.8	3.6	5.5
Provisions	21.5	19.5	18.0	21.7	19.8
Other Non Current Liabilities	1.1	2.0	2.8	3.6	4.5
Deferred Tax Liabilities	4.6	0.0	0.0	0.0	0.0
Current Liabilities	379.1	288.0	273.6	276.0	272.5
Financial Liabilities					
(i) Borrowings	276.1	221.7	175.8	177.4	200.2
(ii) Trade Payables	38.3	29.6	45.3	29.1	36.0
(iii) Lease	1.0	0.9	0.0	0.0	0.0
(iv) Other Financial Liabilities	53.7	29.2	44.4	59.6	24.7
Other Current Liabilities	4.4	4.4	6.3	8.4	10.3
Provisions	5.6	2.2	1.8	1.6	1.3
Total Equity & Liabilities	933.2	757.8	731.6	787.2	823.7

Historical Cash Flow Statement

Particulars (in Rs. Crs)	FY22	FY21	FY20	FY19	FY18
Net Profit Before Tax	133.8	33.0	25.5	-7.8	-5.3
Adjustments for: Non -Cash Items / Other Investment or Financial Items	58.9	64.2	12.8	75.6	41.8
Operating profit before working capital changes	192.7	97.1	38.3	67.8	36.5
Changes in working capital	-117.2	-70.9	15.5	5.3	-25.5
Cash generated from Operations	75.5	26.2	53.8	73.2	10.9
Direct taxes paid (net of refund)	-20.0	-0.2	-0.4	-0.1	-0.2
Net Cash from Operating Activities	55.5	26.0	53.4	73.0	10.7
Net Cash from Investing Activities	-54.8	-8.3	28.5	-8.2	10.4
Net Cash from Financing Activities	0.9	-16.8	-81.9	-65.6	-17.3
Net Decrease in Cash and Cash equivalents	1.7	0.9	0.1	-0.8	3.9
Add: Cash & Cash equivalents at the beginning of the period	9.0	8.0	7.9	8.7	4.8
Less: Bank balances not considered as Cash and Cash Equivalents as per IND AS7	-9.2	-7.9	-7.6	-7.2	-7.1
Cash & Cash equivalents at the end of the period	1.5	1.1	0.4	0.7	1.6

For further information, please contact:

Company:

Investor Relations Advisors:



Precot Limited

CIN: L17111TZ1962PLC001183

Mrs S. Kavitha

kavitha@precot.com

www.precot.com



Strategic Growth Advisors Pvt. Limited

CIN: U74140MH2010PTC204285

Mr Pratik Suresh Shah/ Ms Prachi Chhugani

p.s.shah@sgapl.net / prachi.c@sgapl.net

Tel: +91 98700 30585/ +91 89492 92029

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