

Teejay Adapts To New Normal To Post Net Profit Of 631 Million Rupees



Bill Lam, Chairman, Teejay Lanka; and Prabodh De Silva, CEO, Teejay Lanka.

As the world continues to focus on flattening the curve in the COVID-19 pandemic, Teejay Lanka has adapted to the 'new normal' to post an improved performance in the three months ending September 30, 2020. Sri Lanka's multinational textile producer has converted the first quarter's net loss of 31.5 million rupees to net profit of 631.3 million rupees for the second quarter of the current financial year and reported profit before tax of 782.3 million rupees for the three months reviewed. Revenue grew by 86 percent over the three months to 8.8 billion rupees from 4.7 billion rupees as at June 30, 2020, the Company reported in a filing with the Colombo Stock Exchange. The extreme adversity of the first quarter of the year has, however, taken some of the starch out of the Group's six-month figures, with revenue down 22 percent to 13.5 billion rupees, gross profit down 42 percent to 1.3 billion rupees and pre and post-tax profit down 48 percent and 52 percent respectively over the corresponding six months of 2019-20 to 796.3 million rupees and 599.8 million rupees for the six months ending September 30, 2020. Nevertheless, Bill Lam, Chairman, Teejay has said the Group remains, "cautiously optimistic" as the situation in Sri Lanka continues to evolve, and that with the Group's presence felt throughout the region, Teejay is poised on the cusp of realising its target of becoming a USD 300 million company in the foreseeable future. "With the help of the Operational Excellence initiatives launched, the Group continues to focus on cost-control mechanisms,"

he said. "These initiatives have resulted in managing non-operational and non-strategic costs while re-evaluation of the cost base has given rise to elimination of non-essential costs making Teejay leaner. However, the Group has invested substantially on added health and safety related measures to protect our employees from the pandemic." During these times of intense competition resulting from price swings and high demand for low cost products, the Group is positioned to capitalise on the opportunity created by customers focussing on supply chain strategising to mitigate reliance on a single country, and equipped with a strong order book is prepared to face any challenge, Lam added. Pubudu De Silva, Chief Executive Officer, Teejay Lanka disclosed that Teejay Lanka's operations in India are gathering momentum and had increased their loading capacity during the second quarter. The Group has also taken deliberate steps to unfreeze the restrictions on capital expenditure to continue with the modernisation of the plants, he said. "This 180-degree turnaround in performance would not have been possible if not for the commitment and ingenuity of Team Teejay, which should receive all the credit for the second quarter's performance," De Silva said. Teejay Lanka has continued with a strong balance sheet and a cash balance of 5.8 billion rupees at the end of the period reviewed, keeping the Company net debt free. Teejay Lanka was adjudged as the Best Textile Exporter in Sri Lanka at the Presidential Export Awards presented by the Export Development Board (EDB) in 2019, and was ranked in the Business Today Top 30 companies. With manufacturing operations in Sri Lanka and India, Teejay is one of the region's largest textile manufacturers, and supplies fabric to some of the best international brands across the world.