

Sportking INDIA LTD.

(Govt. Recognised Four Star Export House)

Regd. & Corporate Office : Vill. Kanech, Near Sahnewal, G.T. Road, Ludhiana-141120 Ph. (0161) 2845456 to 60 Fax : 2845458
Admn. Office : 178, Col. Gurdial Singh Road, Civil Lines, Ludhiana-141001 Ph. (0161) 2770954 to 55 Fax : 2770953
E-mail : sportking@sportking.co.in CIN No. L17122PB1989PLC053162
Website : www.sportking.co.in

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To BSE Limited Phiroze Jeeheebhoy Towers, Dalal Street, Mumbai-400001	To National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai- 400051
Script Code: 539221	Symbol: SPORTKING

Subject: Transcripts of Earnings Call of Sportking India Limited for Quarter And Year Ended 31st March, 2025

Dear Sir,

Pursuant to Regulation 30 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed herewith transcripts of the Earnings call of the Company held on Friday, 02nd May, 2025 to discuss the Company's Financial Performance for quarter and year ended 31st March 2025.

You are requested to take the above mentioned information on your records.

Yours truly,

For SPORTKING INDIA LIMITED

LOVLESH VERMA
COMPANY SECRETARY
(ACS: 34171)



“Sportking India Limited Q4 2025 Earnings Conference Call”

May 02, 2025



MANAGEMENT: **MR. MUNISH AVASTHI – CHAIRMAN AND MANAGING DIRECTOR, SPORTKING INDIA LIMITED**
MR. SANDEEP SACHDEVA – CHIEF FINANCIAL OFFICER, SPORTKING INDIA LIMITED
MR. LOVLESH VERMA – COMPANY SECRETARY, SPORTKING INDIA LIMITED

MODERATOR: **MR. DEVANSH DEDHIA – MUFG INTIME INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Sportking India Limited Q4 FY '25 Earnings Conference Call, hosted by MUFG Intime India Private Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then 0 on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Devansh Dedhia from MUFG Intime India Private Limited. Thank you, and over to you, sir.

Devansh Dedhia: Thank you. On behalf of Sportking India Limited, I extend a very warm welcome to all the participants on the Q4 and FY '25 financial results discussion call.

Today on the call, we have with us Mr. Munish Avasthi – Chairman and Managing Director of the Company; Mr. Sandeep Sachdeva – Chief Financial Officer; and Mr. Lovlesh Verma, who is the Company Secretary.

With this, I will hand over the call to Mr. Sandeep Sachdeva for his opening remarks. Over to you, sir.

Sandeep Sachdeva: Good afternoon, everyone. First of all, I would take you through the financial performance of the Company for the Quarter and Financial Year ended 31st March '25.

For the Q4 FY '25, Sportking India Limited achieved revenue from operation of INR 628.8 crores, up 3% year-over-year. In this revenue, share of export was approximately INR 356 crores for the quarter. Gross profit stood at INR 167.4 crores with an increase of 14% on Y-o-Y basis and 13% on a sequential basis.

Gross profit margin expanded by 265 basis points year-over-year and 235 basis points quarter-over-quarter. The gross margin for the quarter stood at 26.6%. EBITDA stood at INR 74.3 crores, increasing by 11% Y-o-Y basis and strong 30% on Q-o-Q basis. EBITDA margin expanded by 84 basis points Y-o-Y and 247 basis points over the sequential quarter to 11.8%.

Profit after taxes was INR 36.1 crores, seeing an increase of 58% Y-o-Y and more than doubling on sequential basis, registering a growth of 122% Q-o-Q. Profit after taxes margin was 5.7%, experiencing a margin expansion of 200 basis points on yearly basis and 307 basis points on a quarterly basis.

For full financial year FY '25, Sportking India Limited achieved revenue from operation of INR 2,525 crores, up 6.2% Y-o-Y. The gross profit stood at INR 609 crores with an increase of 17.7% on a Y-o-Y basis.

Gross profit margin expanded by 236 basis Y-o-Y. EBITDA for FY '25 was INR 262.9 crores with an EBITDA margin of 10.4%. EBITDA increased by 28.2% Y-o-Y. EBITDA margin improved by about 179 basis points Y-o-Y. EBITDA margins are now back to a double-digit figure as seen historically. Profit after taxes was INR 109.3 crores, seeing an increase of 55.3% Y-o-Y. PAT margin at 4.3%, experiencing a margin expansion of 137 basis point on yearly basis.

The Company had another exceptional quarter in the export front with an overall mix of sales from the export increased to 58% in Q4 FY '25 from 41% in Q4 FY '24, and marginally up from 57% in Q3 FY '25. Overall quarterly exports increased by 43% year-on-year and 5% sequentially.

For the full financial year exports grew by 15%, contributing to a little more than majority of the financial sales at 52%. Capacity utilization at 96% remained at the same level as Q4 FY '24. Overall capacity utilization for the full year has remained comfortably around the 95% mark, and has also been among the best in the industry.

On the balance sheet front, both non-current borrowings and current debt pertaining to working capital limits availed during the quarter for the procurement season have been paid down materially leading to healthier balance sheet and saving on debt servicing.

Our debt-to-equity ratio from 0.97x in March '24 to 0.58x in the March '25. Interest cost during the quarter was down by 44% and pre-tax interest coverage aided by interest cost improved to 4x in FY '25 compared to 2.6x in FY '24.

Thank you all. Now I will hand over the call to Mr. Munish Avasthi, CMD of the Company for his remarks on the results and the outlook.

Munish Avasthi:

Thank you, Sandeep ji. Good afternoon, ladies and gentlemen. I hope you have an opportunity to go through our press release and the investor deck.

The textile industry continues to operate at a steady pace. India's textile and apparel exports saw a 6.32% increase, primarily driven by a 10% surge in apparel exports last fiscal. Cotton prices have remained range bound with less volatility. The Cotton Corporation of India continues to hold a very significant stock of cotton, delivered by its MSP-related actions and has secured close to 100 lakh bales of cotton in the current cotton season.

Cotton yarn spreads continue to be influenced by encouraging demand and has marginally improved over the previous quarter. Softer input costs due to staggered schedule of raw material procurement has enabled margin expansion, which drove the overall outperformance in the current quarter.

Exports have been a source of strength in yet another quarter, and we achieved the highest ever exports revenue for the full financial year during this fiscal. While the full effect of tariffs remain an uncertainty, going by the current structure, Indian textile sectors have emerged as marginal favorites, and better placed compared with some of the most prominent Asian textile brands.

There are a few negatives which are still plaguing our industry and which continue to be obstruction in us achieving our true potential, like MSP operations and the import duty on cotton. But all this scenario still presents an opportunity for the existing Indian players to capitalize and capture some global market share. We at Sportking are well positioned to serve both domestic and export demand, given our long operational history, diversified clientele base, strong domestic presence as well as a global footprint.

Overall, we are pleased with our business performance in Financial Year '25 as we delivered robust broad-based growth. We are excited about the future as the impending trade deals with U.S.A., Europe and the U.K. can be a watershed moment for textile industry, and they all look to be pretty imminent in nature.

We at Sportking are ready for our next growth cycle and are exploring various options in front of us, and we shall be sharing news on that front very soon.

I pass on the call to the moderator to open the floor for Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: Sir, firstly many congratulations for great numbers. And sir, I wanted to understand whether this quarter, roughly INR75 crores EBITDA that we have done, can we consider the same kind of number for the coming 4 quarters of this year? And can we consider it as a base number? Or should we expect further improvement in this number? Or sir, what should we expect going forward?

Munish Avasthi: Thank you, sir, for your compliments. So we don't give generally a guidance, but we expect to be in double digits going forward the next year. So there are so many moving parts right now. So we cannot commit for a longer term, longer future. But there are so many things happening. So this can go up or slightly down. It's a very dynamic situation right now the industry is in, with all these tariffs and the treaty agreements and all these happening. So we will abstain from giving any guidance.

Keshav Garg: Right, sir. And sir, also now 2 of our group companies were supposed to be merged, which are into dyeing and retailing of garments. So by when will this is expected to get completed?

And sir, I am unable to understand that when the promoter shareholding is already 74% or almost 75%, which is the highest permissible limit. So sir, will the Company make a cash payment? Or sir, how exactly will the transaction shape up?

Munish Avasthi: So right now, we know all this, and the process is still going on. So we are looking at various options in offering preferential shares. One thing I can assure you is there won't be any outflow of cash from the Company.

Keshav Garg: Right, sir. And sir, if we see that our sales to these group companies was hardly INR 11 crores in FY '24 out of total revenue of like INR 2,400 crores. So I don't think that there's a major forward integration by merging these companies. So can you give us some idea about it that what percentage of our total yarn output will be consumed captively in the forward integration once these firms are merged?

Munish Avasthi: Sorry, what were you saying INR 11 crores? I didn't get your...

Keshav Garg: Sir, last year, FY '24, Sportking made sales of INR 10.76 crores to the group companies, which are now being merged. So now that's not a very significant number. So now once they are merged, what percentage of our total yarn output will be consumed captively in-house?

Munish Avasthi: So the decision is strategic in nature. And right now, our purpose is to scale up those businesses and to get that entry into those businesses. So right now, we might be selling only INR 11 crores worth. But going forward, we expect to consume much more, much better integration. So that's what we are working on actually right now. So once we finalize the plan, we'll come to the shareholders and tell them in detail.

Keshav Garg: Great, sir. And I again want to congratulate you for the deleveraging that Company has paid off almost over INR 360 crores of debt in a single year. So that's a great achievement. And I want to congratulate you on behalf of shareholders. Thank you.

Munish Avasthi: Thank you.

Moderator: Thank you. Next question is from the line of Mahesh Atal from Attal Investment Advisors. Please go ahead.

Mahesh Atal: Hi sir. Congratulations on your numbers. Just had a few questions on the broader market. So what's your view on the market going ahead for the next financial year? How do you see the domestic market? And what would be your opinion on the market going ahead? And also your viewpoint on the raw material pricing in the next year?

Munish Avasthi: So we are, as I stated in my opening statement that we are very excited about the future, the next year and many years going forward, because since last 2 months, there have been a lot of renewed interest in Indian textile sector. Everybody wants to come to India. And we see a lot

of positives happening. People are really, really serious this time. And so we are very excited for the future, and we seem to be in the front line in making deals with the U.S.A., maybe the first country to make the deal with U.S.A. And it can only be beneficial to our textile sector.

And with the preferential treatment, which our competitors used to get till now and now we will be getting those treatment instead of them. So we are very excited. And there's a lot of investments we see happening in downstream. And we are very excited for the future, mid-term and long-term future.

And about cotton prices, we feel the cotton prices are going to be stable where they are, like there won't be much movement, maybe 2%,-5%, within a range of 5% at least until October. There is a lot of movement. The government is seriously considering to remove the import duty. If that happens, that will be another stimulus for the textile industry and spinning sector in specific.

Mahesh Atal:

Sir, my another question would be on the import ban that U.S. had on Xinjiang cotton. So what's the story over there, sir? That cotton must have been coming to some other market. They must be dumping somewhere, right? So do you think that this raw material pressure would be still there because of this?

Second would be, sir, what I understand is that most of the cotton that was coming from that region was going to premium apparel thing. So do you really think that companies which are in India, premium yarn we can have a bigger share from our side to that segment?

Munish Avasthi:

I will answer your question about Xinjiang cotton. So first of all, it's not premium cotton. It's a similar cotton as we produce in India. There's nothing premium about that cotton that the products made out of that cotton can be made by the Indian cotton also. The first point is that.

And the second is China as a country consumes about 9 million tonnes of cotton every year. And total production of China is 6.4 million. And so what they generally do is to export to U.S. and other countries where the Xinjiang is banned, they don't use that cotton. They use the cotton they import or the yarn they import. And China is, of course, one of the biggest consumer of apparel and home textiles for the domestic consumption. So most of Xinjiang cotton is used for their own domestic consumption.

Mahesh Atal:

Okay. And sir, I had one more viewpoint, I would like to know your viewpoint on it, that what's the difference you see now textile mills last year, what happened in South India is that most of the textile mills were facing a lot of operational issues and many of them, they shut down their operations, too. So how do we have an edge over the South Indian market? How do you see that market having a competition, because lot of them, they have actually started having new capacities. They have told that they will be coming up with new capacities. So do you think any leverage that we have over Southern markets?

- Munish Avasthi:** So first of all, it's not about South market or North market. It's about how efficient a player is. There are many great spinning companies in South also. They might be listed or not listed. And there are many bad companies in North also, they were not efficient. So it's all about efficiencies, you have to keep on modernizing, you have to keep on investing in your infrastructure. So it's nothing to do with North and South as such.
- Mahesh Atal:** How much percentage of your revenue was from specialty cotton yarn sir?
- Munish Avasthi:** There are different definitions of specialty. So in this last year, we must have done about 25%, 30% of yarn made of specialty cotton.
- Mahesh Atal:** Most of our yarn must be going into hosiery and weaving?
- Munish Avasthi:** Yes, yes. It goes in hosiery, weaving, home textile, it goes everywhere, denim.
- Mahesh Atal:** So it's a premium quality yarn that we are doing or we are doing basic, how exactly do we want to keep ourselves into like premium category or?
- Munish Avasthi:** So we have a premium standing in whatever yarn we make amongst our competitors. So that's what I would like to say. There is nothing like premium yarns or non-premium yarns. It all depends upon the quality and all that. So we are working with best of the brands. So yes, like we are not doing ELS, if you mean to say that Extra-Long Staple, we are not doing that till now. But otherwise, in whatever segment we are, we are considered to be a premium brand.
- Mahesh Atal:** The reason I ask you is that, sir, there are certain players, listed peers of yours who have done like close to around 25% plus margins in southern part of India. So I fail to understand why we are not able to reach that. Because at some point, it was one year, '22, where we could achieve that margin. So do you think there is a scope? What would be the blended margin scope going ahead?
- Munish Avasthi:** So some people are doing how much margin, 25%?
- Mahesh Atal:** Yes, they were doing, yes.
- Munish Avasthi:** So it all depends upon what count you are spinning. So our general method of us assessing our profitability is spindle per shift. So if somebody is making a 100 count on 100,000 spindles, they might be making more in percentage-wise, but we go mainly by the absolute numbers.
- Mahesh Atal:** All right, sir. Fair enough. Thank you.
- Moderator:** Thank you. Next question is from the line of Ayush Chabria from Shravas Capital. Please go ahead.

- Ayush Chabria:** Congrats on a good set. I just had a couple of questions. So starting off, could you just throw some color on what the cotton yarn spreads have been in the month of April? If you could just answer that.
- Munish Avasthi:** Month of April, like right now, you mean to say? So right now, the spreads are the same as they were last quarter, around 135.
- Ayush Chabria:** Okay. And also, how do you see the demand shaping up in the month of April?
- Munish Avasthi:** See, shaping up like April has already gone. You're talking about this quarter or like what?
- Ayush Chabria:** No. In the month of April, how is the quarter in general like the first month of this quarter?
- Munish Avasthi:** So, generally, historically, the market is a little quiet going after Holi like in April, May, June. But surprisingly, this year, we have seen a much better demand than what it used to be. So demand continues to be pretty good right now.
- Ayush Chabria:** Also, could you just quantify the cotton yarn spread for me on a year-over-year basis? So you're saying this quarter, it is 135, how much is it last year?
- Munish Avasthi:** Last financial year?
- Ayush Chabria:** Yes, same quarter last financial year.
- Munish Avasthi:** Same quarter it is 123.
- Ayush Chabria:** All right. That will be it from my side. Thank you.
- Moderator:** Thank you. Next question is from the line of Varun Mishra from AS Investment. Please go ahead.
- Varun Mishra:** Congratulations on a good set of numbers, sir. I actually have a couple of questions. So, sir, do we expect our share of exports towards the revenue to rationalize downwards over the next couple of quarters and see more like domestic phasing sales.
- Munish Avasthi:** Yes. See, our share of exports generally fluctuates from 45% to 50%. But this quarter, it was a little higher. So we feel that domestic demand is going to be much better going forward. So we can see a slight shift in the longer term or maybe medium term. But in short term, it will be around this level only.
- Varun Mishra:** So sir, like in terms of long term, how long do you see? So, like 2-3 years down the line?
- Munish Avasthi:** Yes, maybe because lot of investments are coming in India in the downstream and not many investments are coming in upstream. So we see a lot of potential for our domestic demand to

get better going forward, maybe in another 6 months, 9 months, incremental demand, we believe it's going to come quite soon.

Varun Mishra: So like we can see that reflecting in our revenues in the Q2 of the next financial year, or maybe somewhere like that.

Munish Avasthi: Yes, we believe. But we generally don't have any specific inclination towards any market. We see where the spreads are better, we generally sell there.

Varun Mishra: Okay, sir. All right. And sir, like what has been our export clients' reaction on the whole tariff thing, which has been going on right now?

Munish Avasthi: So most of our clients where our businesses are, they have all been exempted from the new tariffs. So everybody is in suspense right now. So the work is going on, because we don't export a lot to China. So there, of course, there is a problem. But rest of the clients are pretty positive, and they all feel that respective countries are going to get some relief and the business will be as usual other than China. Rather, most of them are getting a lot of business away from China. Yes, they are pretty positive.

Varun Mishra: So have you seen any increase in inquiries, sir, post the tariffs announcement regarding the customers in the foreign market coming to us for inquiries?

Munish Avasthi: The inquiries because we are already running at full book, and we are already working at full capacity. So the inquiries we feel are pretty similar because we don't have much more capacity and much more material to sell.

Varun Mishra: All right, sir. And sir, like what is the domestic clientele demand for now like in India, what should I say, looked at a viable sourcing alternative. So what is your view on that?

Munish Avasthi: Yes. We feel that India has been doing pretty well for the last 5, 6 months. And even in the off-season right now, where it's doing pretty all right. And so this signifies that Indian apparel exporters had better orders. And we talk to a lot of customers, and they feel pretty energized and pretty optimistic about even the orders going forward.

Varun Mishra: All right, sir. And sir, my last question is like how do you see...

Moderator: I am very sorry to interrupt. Mr. Mishra, I request you to rejoin the queue and ask the remaining questions.

Varun Mishra: All right. Thank you, sir.

Moderator: Thank you. Next question is from the line of Aman Madrecha from Augmenta Asset Managers. Please go ahead.

Aman Madrecha: Hi sir. Thank you for the opportunity. First of all, I would like to understand basically every year until March or April, we complete our cotton buying for the whole season. Correct me if I am wrong. And similarly, we are seeing a reduction in the inventory Y-o-Y. Obviously, the prices of cotton has decreased. So can you tell us how we are looking at the inventory holding season?

And also apart from this, could you highlight more on the debt reduction journey, because most of the reduction in debt has come from the reduction in short-term borrowing. So are we looking at this ample supply of cotton we are not buying right now? Or what is the strategy we are making internally for this upcoming season?

Munish Avasthi: Okay. So right now, we are buying cotton. It's not affecting in our books because Cotton Corporation of India is giving you 60 days interest free credit and they hold the material for you. So we don't need to pay them till the 60th day. And so that's the 2 months of inventory, which is not showing on our financials.

And then we have imported some cotton which is staggered. So the planning has been such, because there was no opportunity to buy cotton at a specific price, and because CCI was holding a lot of cotton. So that's why our inventory looks to be low, but our coverage is slightly more than that.

And about the debt reduction, yes, most of the debt reduction has been because of the inventory levels and whatever the profits were made, they have been making it even less. About long term, we expect to pay off around INR 70 crores to INR 80 crores of our loans this year. And we expect the short term to stay where it is and maybe come even further down.

Aman Madrecha: Sir, given like we would require some short-term debt to run our business also, because last year, we had some 480 crores to 500 crores of short-term debt to run the business. So this time, given that CCI provides a 60 days credit and all, so are we sure that less than INR 200 crores of short-term debt would be enough to maybe achieve a revenue growth of high single digits or double digits.

Munish Avasthi: So we are not looking at growing revenue this year, because we are already running at full capacity. Because the operations are the same, we are not looking at any revenue growth will be if the prices go up. And we keep on making money every quarter. So we don't feel that we'll be using more of working capital than what we are doing right now.

Aman Madrecha: Okay. So, we should be sure that the debt number will just go down from here?

Munish Avasthi: Yes, yes. We are sure of that, the debt level as on 31st March '26 will be lower than where we are right now.

Aman Madrecha: Understood. Okay, sir. Thank you so much.

- Moderator:** Thank you. We will take the next question from the line of Amit Kumar from Determined Investments. Please go ahead.
- Amit Kumar:** Yes. Hi. Thank you so much for the opportunity. Sir, with respect to this, we'll see what happens in another 60-odd days. But at present, there is a 10% tariff on all products being imported to U.S. Now the large retailers in the U.S. are basically, according to various media reports, they have been seeking discounts from their suppliers, given that we will not be exporting yarn to U.S., but part of the same supply chain. So do you see any pricing pressure at all? You already mentioned that running pretty full book. So...
- Munish Avasthi:** So, I get your question. See, we are right now in dollar terms, the prices of cotton yarn are at the lowest in maybe 6-7 years. So there is not much to squeeze anymore, because in many countries, spinners have shut down because they are not viable. So we don't see a lot of pressure on spinners right now.
- And about 10% duty being shared. So that's, again, from buyer to buyer and the different clients, they have their own equation with their buyers, because with China out of the market, I am not so sure that people will be looking for more vendors rather than squeezing them for the margins. So I
- Amit Kumar:** So that 10% tariff essentially, in terms of breakdown, mostly it goes to the buyer, which is basically the U.S. retailers, and I don't think too much on the supply chain here.
- Munish Avasthi:** Yes, because 10% tariffs ultimately translates into a very small, miniscule change in the MRP, because most of the products which are made in India or Bangladesh or wherever, their MRP is 7x to 8x. So the percentage difference in MRP is pretty negligible. And especially with China at 145%, they don't have a choice but to continue to buy or maybe buy more from countries which have 10%.
- Amit Kumar:** I remember a while back, I've seen some data that China is 40% of the global textile trade. But obviously, other markets over a period of time, Bangladesh, India, Vietnam, they've been gaining. So till last year China was still at such a high level?
- Munish Avasthi:** So, China is significantly a big player, of course, by a huge margin. But I think, in specifically cotton segment, they are smaller because they are very big in synthetic. So they own almost 65%-70% of the market.
- Amit Kumar:** Do you have some just a rough cut, not like a decimal point number, but just a rough cut, what would be China in terms of the global cotton textile trade? Would you have some rough estimate?
- Munish Avasthi:** I don't have it right now, but you can get to me and we can give you.

- Amit Kumar:** Thank you so much, sir.
- Moderator:** Thank you. Next question is from the line of Naitik from NV Alpha Fund. Please go ahead.
- Naitik Mutha:** Hi sir. Thanks for taking my question. Sir my question pertains to our CapEx plan and the thought process behind it. We haven't announced anything yet. We have been operating at 95%-96% utilization for the last couple of quarters now. And even if we decide or we initiate a plan in FY '26, it will at least take a year for it to fructify. So I just wanted to understand how are we thinking on CapEx front?
- Munish Avasthi:** As I said in my opening remarks, so we have been exploring this for last 3-4 months, because with the situation with the import duties and the MSP operations, and then these tariffs coming in. So, we just were being a little cautious on that. But now more or less, we have the gist of the situation that how it's going to play out. So, we are speeding up the process. And hopefully, be very soon sharing it, whatever the various options we are exploring. So we'll be sharing it very soon.
- Naitik Mutha:** Got it sir. That's it from my side. Thank you.
- Moderator:** Thank you. Participants, you may press "*" and 1 to ask a question. Next question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.
- Keshav Garg:** Sir, in the past conference, you had guided that provided the domestic cotton prices achieve parity with international cotton prices, we can achieve 15% or 16% operating margin. So how far are we from there? And like you are saying that the government is seriously considering removal of duty on cotton imports. So once that is done, can we expect margins to go to around 15%.
- Munish Avasthi:** Yes, definitely. right now, Indian cotton is higher by almost 10% than where it should be internationally. So we are 10% higher prices can contribute to almost 3%, 4% in our margin level.
- So yes, if the import duties go down, then maybe in couple of quarters, I don't doubt that we can reach our full potential, which I definitely think is more than 15%. So, these are worst circumstances. The Indian cotton has never been more expensive than international cotton as far as I remember. And you can say, one of the worst times for spinning actually. So things can only get better from a cotton perspective.
- Keshav Garg:** So going forward, our Capex is expected to be on the yarn side or on the forward integration side?
- Munish Avasthi:** I will share it as soon as we are ready with the plan. Right now, I cannot comment because we have not chosen the plans yet.

- Keshav Garg:** Okay sir. Thank you very much, and best of luck.
- Moderator:** Thank you. Next question is from the line of Samarth Singh from TPF Capital. Please go ahead.
- Samarth Singh:** Good afternoon. I just had 1 question. Has the supply chain seen any prebuying from U.S. retailers trying to get ahead of the tariffs? And have we benefited from that in this quarter or the coming quarter?
- Munish Avasthi:** No, not actually because 90 days reprieve is not enough for this business. So it takes longer for the supply chains to move. Yes, of course, most of our buyers tell us that most of the U.S. shippers are, of course, telling them to ship as soon as possible, but they have their own commitments with other European and Australian and all other countries.
- And everybody now is of the view that any new order which they take will only be supplied after 90 days. So we haven't seen that rush right now in our books. So with our buyers and all, they are all acting normal.
- Samarth Singh:** Got it. Thanks so much.
- Moderator:** Thank you. Next question is from the line of Udit Gupta, an individual investor. Please go ahead.
- Udit Gupta:** Good afternoon, sir. Sir, my question is, sir, what would be our top 3, 4 export markets? And how is Bangladesh shaping up right now?
- Munish Avasthi:** So our biggest export market is Bangladesh. And Bangladesh has been pretty consistent buyer of Indian cotton yarn for last almost 1 year, and they continue to do so. So it's pretty stable and they are stable at a high level. And we expect it to be at that level or maybe even increase a little bit going forward.
- Udit Gupta:** And sir, the 2 companies that we have thought about amalgamating with our Company, how is that moving forward?
- Munish Avasthi:** So yes, it's going to take still more time. So there are a lot of legal formalities we have to go through. So we'll update you as soon as we have more news on that.
- Udit Gupta:** So we will move into garmenting when we get into those companies?
- Munish Avasthi:** So those companies are already doing garmenting. So yes, we will slowly get into that with the amalgamation of those companies.
- Udit Gupta:** This is expected to happen in the current financial year or it could take longer?

- Munish Avasthi:** Hopefully, most probably within this financial year, yes.
- Udit Gupta:** And sir, could you explain a little bit about your cotton buying cycles, like which months we buy and then we hold, and like how does the process take place?
- Munish Avasthi:** It used to be October to March when we used to buy, but things have changed with all this global, and with MSP operations and Indian government buying the cotton. So it's very dynamic right now. We see what's the best time to buy.
- It keeps on changing every month. So there's no definite plan these days, because the government is buying. So we buy from the government. Otherwise, normal historically, the procurement season is from October till March.
- Udit Gupta:** Got your point. And how are the cotton prices right now?
- Munish Avasthi:** Cotton prices are very stable in India. Internationally, they have been very volatile, but within a 10% space. So they have been as high as GBP 0.70 and as low as GBP 0.62, GBP 0.63 per pound. And like in India, it has been like between INR 53,000 to INR 55,000 per candy.
- Udit Gupta:** Thank you so much.
- Moderator:** Thank you. Next question is from the line of Yash Mahtre from Cruise Capital. Please go ahead.
- Yash Mahtre:** My first question is, given Bangladesh has remained your highest export destination, what has been the impact on the issue of Indian yarn exports being blocked at the land routes?
- Munish Avasthi:** So only about 5% to 10% of our exports were through land route. And they were mainly with the customers who wanted just-in-time delivery. So most of those customers have now shifted to by sea route. So we don't see a lot of impact, you understand Bangladesh needs yarn, because they don't make the amount they consume.
- The only thing is people who wanted the yarns very quickly for the quick orders. So they will have to buy from locally there. So the local mills have increased prices after this, which actually ultimately benefits India only. So we expect this government to roll back this decision in the next 3 to 6 months. But it hasn't affected our new business at all.
- Moderator:** The participant's line has been disconnect. Participants who wish to ask questions, may press "*" and 1 at this time. Ladies and gentlemen, I would now like to hand the conference over to the Management for closing comments.

Munish Avasthi: Thank you, everyone, for being a part of this call, and we appreciate. And if you have any questions or any queries, you can direct it towards the Company Secretary or MUFG IR. See you all next quarter. Thank you so much.

Moderator: On behalf of MUFG Intime India Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.