

# Sportking INDIA LTD.

(Govt. Recognised Four Star Export House)

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

**Subject: Transcripts of Earnings Call of Sportking India Limited for Quarter Ended 30<sup>th</sup> June 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 Tuesday, 05<sup>th</sup> August 2025 to discuss the Company's Financial Performance for quarter ended 30<sup>th</sup> June 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 Q1 FY '26 Earnings Conference Call

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**August 05, 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:** **MS. DARSHI JAIN – MUFG INTIME INDIA PRIVATE  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Sportking India Limited Q1 FY '26 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 this 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 Ms. Darshi Jain from MUFG Intime India Private Limited. Thank you, and over to you, ma'am.

**Darshi Jain:** Thank you. Good afternoon, everyone. Welcome to the Sportking India Limited Q1 FY '26 Earnings Conference Call.

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

A short disclaimer before we start this call. This call will contain some forward-looking statements, which may be based upon our belief, opinion and expectations of the company as of today. These statements are not a guarantee of future performance and will involve unforeseen risks and uncertainties.

With that, I would now like to hand over the conference call to Mr. Sandeep Sachdeva, the Chief Financial Officer, for his opening remarks. Thank you, and 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 ended 30th June '25.

For Q1 FY '26, Sportking India Limited achieved revenue from operations of INR 585.80 crores and gross profit stood at INR 157.2 crores with an increase of 2.1% on Y-o-Y basis. Gross profit margin expanded by 254 basis points year-over-year and further 21 basis points quarter-over-quarter.

The gross margin for the quarter stood at 26.8%. Gross margin for the quarter was aided by stable and softer input costs given largely range-bound cotton prices over majority of the quarter enabling better inventory management.

Operational EBITDA stood at INR 70.5 crores. EBITDA margin expanded by 40 basis points on Y-o-Y and 22 basis points over the sequential quarter to 12%.

Profit after tax was INR 35.2 crores, seeing an increase of 10.5% year-on-year. Profit after tax margin was 6%, experiencing a margin expansion of 98 basis points on yearly basis and 26 basis points on quarterly basis.

Shares of exports in the revenue is approximately INR 341 crores for the quarter. The company had another quarter of strong showing over the export front with an overall mix of sales from the export increased to 58% in Q1 FY '26 from 47% in Q1 FY '25. Overall quarter exports increased by approximately 18% year-on-year.

Capacity utilization at 95% remains at the same level as the Quarter 1 FY '25. Both cotton yarn production and cotton yarn sales remain marginally higher in Quarter 1 FY '26 coming in at 20.9 metric ton and 20.3 metric ton respectively.

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

**Munish Avasthi:**

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

As highlighted by our CFO, this quarter we maintained our trajectory of margin growth, delivering broad-based growth across all key margins. On the business front, exports remained robust in spite of a lot of geopolitical tension around the world.

On the macro front, despite the Indian cotton being largely stable over the quarter, we observed it to be inching up slowly as the quarter grew to a close. This rise in prices was caused by a combination of factors such as high inventory with the Cotton Corporation of India, lack of fresh supplies in the markets, as well as minimum support prices driving prices higher for buyers.

The international cotton prices remain at a discount to Indian prices. And this gap is further accentuated by levy of import duties of 11%. Most of Indian textiles players are at relatively disadvantageous position from the point of view of landed raw material costs.

Progress of the new cotton season is satisfactory, with almost same area planted as last year, and with good monsoon, early predictions are for good quality and better yields.

The other key event was the recent declaration of 25% tariff on Indian goods by the USA. The USA is a very important end-user market as far as textile players are concerned. The additional 5% tariff differential as compared to 20% of tariff levied on other Asian players will have some adversary effect on Indian players' pricing edge.

While we remain hopeful of an amicable settlement being achieved soon, I would also like to highlight that we have very limited direct exposure to the U.S. market but have a relatively

larger indirect exposure to the U.S. market through our international customers, who are currently better placed than the local players under the proposed tariff structure.

About the progress of our ongoing programs, first of all, our SPV for solar power is on target to deliver us the contracted power from 1st March. We are also committed to close our integration of our apparel manufacturing and dye house within this company in the next six to eight months.

Our confidence in our business fundamentals as well as the potential of the overall Indian textile sector remains undeterred. We will be undertaking a CAPEX plan of approximately INR 1,000 crores as a part of the Greenfield Capacity Addition Program to increase our spindle count by 150,000 spindles. This is a significant capacity expansion to approximately 40% over the existing spindle count of 3.8 lakhs.

Existing capacity utilization is already at 95% and thus upcoming capacity provides substantial headroom for growth and meeting growing demand for company's products. The timeline for this project is 12 to 15 months, and we are confident to wrap up the operations within this time frame. The CAPEX outlay will be funded through a mix of internal accruals and term loans.

The proposed spinning unit will be set up in the state of Odisha and will be a first diversification outside the state of Punjab. The geographic location of the upcoming plant will enable the company to better serve the eastern market of the country, enabling a diversified presence as well as better to serve the international market given proximity to ports. Amid ever-changing market conditions, our focus continues to be on producing quality products and building operational excellence.

I pass on the call to the moderator to open the floor for question-and-answer session.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Param Vora from Trinetra Asset Managers. Please go ahead.

**Param Vora:** So, what I wanted to ask was that regarding the ongoing tariff situation with U.S., so since we export to the U.S., so can we expect a turnaround like decreasing the share of export to that country and focusing on the new geography?

**Munish Avasthi:** Thank you for the question. First of all, we don't have any exports to the U.S. as a company. So, there is no question of diversifying the exports when we don't export to the said country.

**Param Vora:** Oh, sorry. I must have misunderstood something. And my second question was regarding the proposed merger. So, how do we anticipate the contribution to new value-added segments and company's overall revenue and profit margins?

- Munish Avasthi:** So, as we mentioned, that we are confident of achieving the integration of our apparel and dyeing capacity with us in next six to eight months. So, definitely, there will be the top line increase in the first year should be around INR 200 crores. And the EBITDA in that business is slightly better. So, it will give us a better EBITDA, of course.
- Param Vora:** That answers my other question.
- Moderator:** The next question is from the line of Deepak Ajmera from IGE India. Please go ahead.
- Deepak Ajmera:** So, my question related to the CAPEX that you are doing, INR 1,000 crores. That I just wanted to know about its ramp-up and its utilization and timeline for the same.
- Munish Avasthi:** Yes, as I mentioned in my opening statement that we expect to finish, you know, to come up with a commercial production within 12 to 15 months from now.
- Deepak Ajmera:** And how much optimum revenue can expect from it?
- Munish Avasthi:** We are expecting a revenue of around INR 1,000 crores to INR 1,200 crores from this new expansion.
- Moderator:** The next question is from the line of Perna Jhunjhunwala from Elara Securities. Please go ahead.
- Perna Jhunjhunwala:** I just wanted to understand the premise of this expansion, huge expansion, given that the profitability in the yarn business continues to remain under challenge. So, what gives you confidence that you will make decent returns on this investment? And what kind of expectations do you have from this investment going forward? Do you expect the profitability of the spinning business improving over the next year or two kind of a situation where this return, the return provided by this CAPEX is strong enough?
- Munish Avasthi:** Thank you for the question. So, I will put it into two parts. First of all, you know, these are one of the worst times for textile industry, spinning industry per se, with a lot of headwinds we are facing from internally and externally. Externally means with all the tariff uncertainties, and internally with MSP and import duty levied on the imported cotton.
- So, in spite of all this, you know, we are doing pretty well. And we are maintaining double-digit profitability for the last so many quarters. And we are working at almost fully, we are fully utilized. So, we see these things that this time will not last forever. I think 12 to 15 months. We see a lot of resolution happening over next 12 to 15 months. So, we are pretty confident.
- And about this particular investment, so most of our capacity has been in Punjab. So, the incentives in Odisha are much better. And we see a jump of 4% to 5% in EBITDA levels

because of the incentives and the geographically diversified portfolio. And there are many products which we don't make, which we will be making, which are a little bit more profitable.

So, we are very optimistic about this. And so we are a conservative company. We took a lot of thought over the last one year and then we went forward with this. We are pretty confident that this will help us in improving the overall EBITDA of our company by at least 200 to 300 points.

**Prerna Jhunjunwala:** That's great, sir. Sir, could you help us understand what kind of incentives you will be getting from Odisha government and what kind of synergies you are looking forward to with this investment in Odisha?

**Munish Avasthi:** So, first of all, other than the incentives which we can mail you separately, there is a big list of that. Other than that, you know, we are based out of North India and this gives us an access to Kolkata market and Bangladesh market, which is closer to Odisha, and even the South Indian market, which is closer to Odisha, more access to those markets where we are not functioning right now.

Secondly, Odisha is a cotton surplus state, one of the few cotton surplus states left in the country. And third is the proximity to the ports. So, all these factors made a lot of sense to us to venture into Odisha for our new project.

**Prerna Jhunjunwala:** How far this project is from Odisha Textile Park as that could be also a good market for us to serve?

**Munish Avasthi:** Yes, thank you for reminding me. So, we see a lot of downstream investments coming in Odisha. So, when we signed an MoU, there were many garmental from Tirupur and very big garmental from India who are putting up their plants in Odisha. So, we see that as another opportunity to cater to that market also. And we are in the proximity of 50 to 100 Kilometers from all of them.

**Prerna Jhunjunwala:** Oh, that's wonderful. Do you have any plans to further forward integrate into fabric as a next step in Odisha?

**Munish Avasthi:** Ma'am, definitely, right now we are undergoing an exercise to integrate our garment facility with this company. And I think we will be able to put it out within this fiscal. And we want to scale. We have the opportunity to scale that business up initially in Punjab as it is. And then, of course, we have the plans to go once we realize the full potential of our existing capacities. And those plans are, of course, there.

**Prerna Jhunjunwala:** Sir, last question on U.S. tariff. I understand you don't export directly to the market. But your clients might be exporting eventually to those markets. Have you seen any kind of pressure from the clients to share any kind of tariffs with them?

- Munish Avasthi:** No. See, ma'am, this is something which is just two to three days old, four days old. And though the first round of tariffs happened and everybody knew what was coming. So, I don't think so anybody is asking to share any tariffs and all. But how the new dynamics work, how the new costings are done and how the new orders come is anybody's guess.
- But I know one thing for sure, that after these uncertainties are over, that with China being at 55% and being the major exporter across the world, so I think other countries might not feel as much pain as expected. But right now, definitely, it is very uncertain. The statements change every day. So, definitely the sentiments around the world are pretty pessimist. And people are just not taking any decisions.
- So, everything, you know, but I think in next two months, we see a lot of clarity. And everybody wants this tariff talk to die down. Whatever the tariff, everybody wants to know what the tariffs are, finally. And it has been going on for the last four, five months. So, we expect some normalcy to come back in the business in next, 30 to 45 days.
- Prerna Jhunjhunwala:** Oh, that's great. Thank you for the detailed answers. I will wait for your email on the Odisha facility benefits to come in.
- Moderator:** Thank you, ma'am. The next question is from the line of Saransh Gupta from SVAN Investments. Please go ahead.
- Saransh Gupta:** Sir, just carrying on to the previous participant's questions in terms of the tariff. Just trying to understand on the demand perspective and the spreads perspective, now since the end client that we are servicing are being taxed at the higher tariff, so how shall one look at the spreads in the near term? I agree from the medium-to-longer term; it seems to be more bullish and beyond which we are also increasing the CAPEX. But in the near term, how shall we look at the situation in terms of the spreads?
- Munish Avasthi:** Sir, I really didn't get your question very well. But anyways, I will try to answer with whatever I got. So, I think you have been asking about the spreads going forward, right?
- Saransh Gupta:** Yes, sir.
- Munish Avasthi:** So, sir, the spreads, initially what we have seen in this quarter, for first month, we have been pretty consistent with the similar run rate where we were in the last quarter. But going forward, it is very difficult to assess the situation with so much of uncertainty around us. So, as the cotton prices have gone up, so we are well protected with as we generally have a tendency to stock our cotton for the season. So, we are protected from that angle.
- But how the market behaves and how this tariff uncertainty pans out in next two to three months, it is very difficult to answer how the spreads look going forward in next two to three months.



- Saransh Gupta:** And in terms of your fresh investment that you are doing in Odisha, so you indicated that the profitability will be 200 to 300 bps higher than what we are doing it right now. So, is it including the incentives that we will be getting it from the government or is it just the technology or the application of the technology that we are using it that will help us? And what payback period one should assume on the expansion?
- Munish Avasthi:** So, it is a combination of everything. I think the technology, of course, the new technology we will be putting in will also help in improving the margins. Incentives is second. And the third is the geographical advantages we get with Odisha, with proximity to port and different markets, which are major markets where we are not working right now. So, the combination of all three we expect will help us in improving our margins by 200 to 300 basis points.
- Saransh Gupta:** Payback period?
- Munish Avasthi:** We have not yet worked on that.
- Moderator:** The next question is from the line of Raman from Sequent Investments. Please go ahead.
- Raman:** I just have a few doubts. So, what are the major countries to which we export? And if possible, can you give a percentage breakup?
- Munish Avasthi:** So, most of our export, more than 50% of our export goes to Bangladesh. Then we export, rest all of the countries are in single digits. So, like China, we do to Latin America and European countries. So, we can give you a breakup. We can send you by mail.
- Raman:** Sir, what about UK? How much percentage do we export to UK?
- Munish Avasthi:** UK? We don't do anything directly to UK.
- Raman:** So, there won't be any substantial benefit for us with respect to the UK-India free trade agreement, right?
- Munish Avasthi:** The benefit will only be indirect with all the apparel manufacturers within India who are exporting to UK. If they get more orders, they need more yarn. So, that is the benefit we are going to get.
- Raman:** And with respect to you, again on the export part, with respect to Bangladesh, how are the working capital or payables from the companies to which we export yarn to?
- Munish Avasthi:** So, we export under LC. All our exports to Bangladesh are under LC, and we get paid on time. So, it is just all under LC business. We don't do any CAD business with them. So, all the deals are paid on time by the banks as the LC matures.

- Raman:** And sir, my last question is with respect to your Greenfield CAPEX. So, you are adding about 1.5 lakh spindles additional, which will generate about INR 1,000 crores to INR 1,200 crores of revenue, additional revenue. So, I just wanted to understand this plant. This is a new plant. So, can we expect the margins of this plant to be higher than the existing plant's margin?
- Munish Avasthi:** Yes, sir. I think we have discussed it in the previous question, addressed this in the previous question, that we expect our margins to be better with this plant because of different reasons, like geographical advantages, new technology and, of course, the better incentives given by the Odisha government.
- Raman:** Sir, can you give any ballpark figures with respect to how much cost saving will it be with respect to traveling as well as the incentives provided by government?
- Munish Avasthi:** So, we said that we are expecting a margin expansion of 200 to 300 basis points on our total overall company after we come up with our first expansion.
- Raman:** Sir, this benefit can we see by FY '27 end?
- Munish Avasthi:** So, we will be coming in production by '27 end. So, I think the real benefit will start showing in '27-'28. Full impact of it, yes.
- Moderator:** The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.
- Ankit Gupta:** Sir, given how the situation is currently, given the uncertainty on the tariff part and higher cotton prices prevailing in the Indian markets, do we expect our margins will go down from the current level? So, we can expect at least 10% to 12% of EBITDA margins to remain over the next few quarters?
- Munish Avasthi:** It is very difficult to say, sir, but we are committed. I think this has been the case for last two quarters as well. Things have actually deteriorated from the macro point of view in the last few days. But, yes, we can expect the margins. We expect the margins to stay in double digits for next few quarters given under the present circumstance.
- Ankit Gupta:** And , let's say, tariff thing, some clarity emerges there and rates are reduced. Will the cotton prices disparity that India has or disadvantage that the Indian spinners have compared to the global peers, so that will continue to impact your overall margins or if things emerge or if the tariff reduces from the U.S. part, some kind of improvement can be expected?
- Munish Avasthi:** So, there are a lot of things happening. The government is also contemplating to do away with the import duty. Then we have approached the Ministry many times, and it seems they are serious now. And then, there are different permutations and combinations, how to manage your raw material with less impact of duties and all. So, we try to, we have changed our mix. Then,

there is a murmur that if there is a bilateral trade agreement with U.S., then the duties, we might get to import U.S. cotton free of duty.

So, it is all in the play. So, we really don't know what is going to happen till it happens. But there are many things which are happening. We just say that things can't be worse than what they are right now. So, we expect something to happen good in the foreseeable future to do away with this imbalance, which has been there for the last two years.

- Moderator:** The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.
- Madhur Rathi:** Sir, I just wanted a clarification that the new plant that will be adding up, sir, that will have 400 to 500 basis points higher margin than what we are making at our company level. Is that understanding correct?
- Munish Avasthi:** So, we expect our overall margins of our company to expand by 200 to 300 basis points after we add this 40% capacity.
- Madhur Rathi:** And sir, this would be on our current spread. So, if spread improves, our realizations will improve.
- Munish Avasthi:** This is as per today, as of today, yes.
- Madhur Rathi:** So, I just wanted to understand on the payback, so on operating profit that comes, yes, 5, 6 years. But if margins improve, spreads improve, the payback could be lower than the 5, 6 years based on the current operating profit level that we are envisaging.
- Munish Avasthi:** Yes, I haven't done the calculation, but I think you can do the calculations. I haven't done it myself.
- Madhur Rathi:** Sir, on the fabric and the garment merger that we are expecting over the next 6 to 8 months, or have we onboarded new customers or have we thought about where should this business grow over the next two to three years? And sir, how much incremental margin we will be earning on this business?
- Munish Avasthi:** So, yes, we have already started working on integrating those units and right now we were just using those units to supply to our own brand. But we are preparing ourselves by doing the social compliance and everything to do exports as well as to target big buyers. So, that all task is ongoing, and we expect in the next two to three years to double our government business within the same capacity with minimal CAPEX.

So, that is our goal right now. And I think that exercise is already on. And we would like to, right now, our revenue is about INR 150 crores from those units, INR 180 crores. And we expect to double it within the next two to three years.

**Madhur Rathi:** And, sir, on the margin front?

**Munish Avasthi:** Margin front, definitely, as you go downstream, those margins will get better with better utilization and better efficiency. So, we expect the margins to be better than what they are in our existing business.

**Madhur Rathi:** Sir, can we expect it to be in the 20% range like our competitor, KiteX or Kewal Kiran?

**Munish Avasthi:** Sir, very difficult for me to say right now. So, we will be better than what we are, you know. So, let's see where we end up.

**Madhur Rathi:** Sir, that was from my end.

**Moderator:** The next question is from the line of Aditya Singh from Multi-Bagger Stocks. Please go ahead.

**Aditya Singh:** I only have one question regarding the exports that you are working on. How much of it is to Bangladesh?

**Munish Avasthi:** I didn't understand your question.

**Aditya Singh:** I am sorry if this question was asked before, but I just wanted to know the amount of exports the country makes to Bangladesh.

**Munish Avasthi:** So, we do about overall our revenue, 58% is exports. And out of that, almost 60% to 65% is to Bangladesh.

**Aditya Singh:** That is the only question I had.

**Moderator:** The next question is from the line of Anil Kumar Sharma, an investor. Please go ahead.

**Anil Kumar Sharma:** Sir, my question is, you have mentioned that this is the first phase of 1.5 lakhs. And what is the total? What do you think on those lines' further expansion, as you are saying, this is the first phase? And out of that, it is internal accrual and loans, you have said. How much is loan component and how much is internal accrual? What is your capital structure?

**Munish Avasthi:** So, our MoU with Odisha government is for 300,000 spindles. And with the first phase, what we are putting right now is 150,000. Once it's stabilized, we go for the second phase. About the CAPEX of INR 1,000 crores, that I think we will be able to share by the next Board meeting, that what exactly will be the mixture. But generally, our mix is 30-70 in favor of debt.

- Anil Kumar Sharma:** So, overall, our debt-equity ratio will not be more than 0.5, I think. That is your target, I think.
- Munish Avasthi:** Sorry?
- Anil Kumar Sharma:** Overall, debt-equity ratio will not be more than 0.5%. That is your target, I think?
- Munish Avasthi:** Yes, so we will be going by whatever our targets are, as stated before. So, maintaining reasonable debt is our foremost effort, and we are going to stick with those numbers that we had given before.
- Anil Kumar Sharma:** Sir, in contrast to that, are you getting this interest rebate that is there or that has been abolished? There are misconceptions about that.
- Munish Avasthi:** We have never got any interest rebate till now. In Punjab, we never had any interest rebate. So, we don't get any interest rebate right now.
- Anil Kumar Sharma:** So, interest rate will be normal rate, 9%-10%, whatever it will be there, that is with the company.
- Munish Avasthi:** So, right now, the average interest we pay is about 7%. So, for the new project also, it will be similar. But there are many other subsidies which are there.
- Anil Kumar Sharma:** That's all from my side.
- Moderator:** The next question is from the line of Dheeraj Shah from RJ Investments. Please go ahead.
- Dheeraj Shah:** So, firstly, sir, what is the realization profile like between domestic and export market for the quarter, given the sales volume was essentially the same, that revenue was down by 8%? And also, sequentially, so, would it be fair to assume that the performance was due to lower realization? And what is the affecting realization?
- Munish Avasthi:** So, the revenue, the pricing in international market or Indian market is almost similar. The only thing is our product mix in our exports and our domestic changes. So, most of the synthetic and synthetic dominated blends which we make are sold in domestic market. And most of the cotton yarn we make is exported. So, there will always be a difference in the percentage, and the revenue and the spreads there.
- What was the second question? I could not get it. It was not very audible.
- Dheeraj Shah:** So, actually, it was regarding the effect on demand. Was it a demand issue or higher Chinese competition, perhaps on the polyester side?
- Munish Avasthi:** I just cannot. You are not audible, please.

- Moderator:** Dheeraj, sir, can you come back in the queue? And your voice is breaking. The next question is from the line of Priti Agarwal from S.K. Associates. Please go ahead.
- Priti Agarwal:** I would like to know what is the total potential of the capacity addition that can come up in the new Odisha facility. So, your exchange filing says that the first phase is of 1,50,000 spindles.
- Munish Avasthi:** Ma'am, so we actually have signed an MoU with Odisha government for 300,000 spindles. But circumstances permitting and the market permitting and how we do go forward, we can go even further beyond that. So, we will be having enough land to go for even higher spindles if we want to.
- Priti Agarwal:** And my second question is that INR 1,000 crores is proposed to be spent for CAPEX with a mix of internal accruals and term loans. So, what is the target debt to equity that you wish or is there any approximate split of funding mix that you are looking at? Given you would also be needing elevated short-term debt for funding working capital?
- Munish Avasthi:** So, ma'am, our goal is to not go beyond the INR 700 crores, INR 800 crores of long-term debt any time in next two to three years. So, we will stick to that. So, there will be, I think, our long-term debt right now is about INR 300 crores. And out of that, I think by the time we take this new debt, about INR 100 crores will be repaid. So, that is how this thing that, yes, it should be below. The debt equity has to be about 0.5 to 0.7. That is the maximum that we will go to. And we are not looking at any other instruments. We are right now looking at just the debt as well as internal accruals.
- Priti Agarwal:** And what is the update on Bangladesh situation in terms of land-based movement restrictions and subsequently how has the demand been?
- Munish Avasthi:** The demand from Bangladesh continues to be good. The land route is still not working. But we expect the elections, Bangladesh is expecting to hold election in the next 3, 4 months. We don't expect the land route to open before that. So, we expect once the elections happen and the permanent government comes, and we expect because even before it had happened, and it took about one year for it to open. So, we expect it to open finally. But I think it might take 6 to 8 months for that.
- Priti Agarwal:** And a follow-up on that question, are there any other countries you are looking to diversify into?
- Munish Avasthi:** Ma'am, that exercise is always ongoing. So, we keep on looking at the markets where we can sell our material. So, right now, we are supplying to almost 35-40 countries. So, this exercise is ongoing. So, we keep on looking at more options. And with these new spindles, once it comes, we will have more capacity. Then we will look at where there will be some more different kinds of materials we will be making from that facility. So, we will have more options and more countries we will try to tap, yes.

- Priti Agarwal:** And one last question from my side. Are there any power or tax incentives being given by Orissa government? Or for that matter, any policy benefits been given?
- Munish Avasthi:** Yes, ma'am. They have a textile policy, Orissa textile policy, which is open to everyone. So, all those benefits, we will be getting those. And power benefits are one of them.
- Moderator:** The next question is from the line of Isha Murthy from MI Capital. Please go ahead.
- Isha Murthy:** So, my question to you is, like, what is the update on the proposed merger scheme of the two unlisted promoters' entities? And also, by when do you anticipate it will be merged within the listed companies?
- Munish Avasthi:** Sorry, yes. So, as I have mentioned before in my update and a few earlier questions, so that is going to happen in next 6 to 8 months. Both the facilities will be integrated with us maximum in next 6 to 8 months.
- Isha Murthy:** And also a follow-up question. Like you have earlier mentioned that you would be looking at capacity expansion into these new entities which are like involved higher up in the value chain compared to the current business. So, now we are yet to be tied up in the CAPEX announcement. So, does this affect the timeline and the plans for CAPEX within new entities once they will come in?
- Munish Avasthi:** Ma'am, frankly, the CAPEX needed to scale up those two entities is not a lot. So, that is already, you know, we have already started doing that in those specific companies. And it is just improving the efficiencies and once we get to merge it with us. So, we don't expect a lot of, and yes, there won't be any shift in timelines. We still expect to double the revenue of those entities in next two to three years once it gets merged with us.
- Moderator:** Ladies and gentlemen, due to interest of time, that was the last question for today. I now hand the conference over to management for closing comments.
- Munish Avasthi:** Thank you everyone for being a part of this call. And we appreciate you all being there. And if you have any questions or any queries, you can direct it towards the Company Secretary or myself or MUFG IR. See you all next quarter. Thank you.
- Moderator:** Thank you, sir. On behalf of MUFG Intime India Private Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your line.