REF: HSL/SEC/2025/54

August 19, 2025

To The Deputy Manager Department of Corporate Services BSE Limited PJ Towers, Dalal Street Mumbai 400001 **Scrip Code: 514043**	To The Manager National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E), Mumbai 400051 **Symbol: HIMATSEIDE**

Dear Sir/ Madam,

Sub: Transcript of Earnings Call for Analysts and Investors.

Ref: Disclosure under Part A of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Part A of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of transcript of Earnings Call for Analysts and Investors held on Wednesday, August 13, 2025.

Please note that the transcript of earnings conference call shall be available on the website of the Company.

Please take the same on record.

Thanking you,

Yours faithfully,

For Himatsingka Seide Limited

Bindu D Digitally signed by Bindu D Date: 2025.08.19 17:21:55 +05'30'

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Company Secretary & Compliance Officer

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"Himatsingka Seide Limited

Q1 FY '26 Earnings Conference Call"

August 13, 2025

MANAGEMENT: **MR. SHRIKANT HIMATSINGKA – EXECUTIVE VICE CHAIRMAN & MANAGING DIRECTOR – HIMATSINGKA SEIDE LIMITED**
MR. SANKARANARAYANAN M. – PRESIDENT- FINANCE AND GROUP CHIEF FINANCIAL OFFICER – HIMATSINGKA SEIDE LIMITED
MR. BANKESH DHINGRA – VICE PRESIDENT & CHIEF FINANCIAL OFFICER- OPERATIONS – HIMATSINGKA SEIDE LIMITED

MODERATOR: **MS. PRERNA JHUNJHUNWALA – ELARA SECURITIES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Himatsingka Seide Limited Q1 FY '26 Earnings Conference Call. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Prerna Jhunjhunwala from Elara Securities. Thank you, and over to you, ma'am.

Prerna Jhunjhunwala: Thank you, Hamshad. Good afternoon, everyone. On behalf of Elara Securities India Private Limited, I would like to welcome you all for Q1 FY '26 Post Results Conference Call of Himatsingka Seide Limited. Today, we have with us the senior management of the company, including Mr. Shrikant Himatsingka, Executive Vice Chairman and Managing Director; Mr. Sankaranarayanan M., President- Finance and Group CFO; and Mr. Bankesh Dhingra, Vice President, & CFO-Operations.

I would now like to hand over the call to Mr. Shrikant Himatsingka for opening remarks, post which we will take the Q&A session. Thank you, and over to you, sir.

Shrikant Himatsingka: Hi, everybody. Thanks for taking the time this afternoon to join us for our earnings call. I'd like to begin with a quick business update, presuming you've gone through the numbers. And then, of course, I'll be happy to answer any questions that you might have.

So to begin with, our Y-o-Y total revenues and total income saw a decline of 10.4% and stood at INR 661 crores versus INR 738 crores during the same quarter last year. This is largely on account of the uncertainties that prevail owing to the tariffs that have been imposed by the United States.

Our capacity utilization levels were largely range bound during the quarter, as you might have seen already, the Spinning was at 99%. The Sheeting division came in at 60% and Terry at 68%, pretty much the same as last quarter, some minor fluctuations in realizations.

The proposed additional 25% tariff to be imposed by the United States has created some uncertainties and has adversely impacted sentiments. And this environment reinforces our strategy of expanding our global client base into other jurisdictions, geographies and channels. So that remains a very, very key focus of Himatsingka, especially under the current circumstances. So this is not a new strategy, but it's reinforced, and we are pursuing it with greater vigor than we did previously.

We see opportunities to expand our market presence in the UK following the signing of the FTA between India and the UK in July 2025. Of course, for initiatives on the UK front to come to fruition, it will take a few months until the agreements are formalized and effective.

As we have shared earlier, we operate in India with three brands. We operate with our Himeya brand, our Atmosphere brand and our Liv brand. We remain committed to expand our presence in India and grow our India businesses rapidly. The three brands cover a broad cross-section of home textile products and are positioned to service consumers across price points and product categories. We continue to see Y-o-Y growth in our revenue streams from our India market.

On the ESG front, there's really no change from the last quarter, and we remain on track to achieve some of our key sustainability goals by 2030. We are also taking initiatives to fast forward this deadline of 2030 that we have set internally for ourselves, which will also help us rationalize some of our energy costs.

During the first quarter, we continued to bring our debt down vis-à-vis March. Our net debt stood at INR 2,405 crores versus INR 2,425 crores during the end of March 31, 2025. So these are some of the key updates that I thought I'd like to share.

Our focus areas going forward will be as follows: Number one, we will be focused on our India presence and to grow our India presence. So not only will we be growing our three brands, we are also growing our private label presence in the country.

There are definitely various buckets and opportunities to tap into, which we are doing. We expect our India business -- India business to close to double from the previous fiscal. And we seem to be broadly on track vis-a-vis our vision of taking India to close to INR 1,000 crores, INR 800 crores to INR 1,000 crores over the next few years.

Second, we remain extremely committed and focused on expanding our presence in non-U.S. jurisdictions. We currently service 35 non-U.S. jurisdictions. And we are taking and making additional efforts to enhance our presence across these jurisdictions to reduce some of our dependence on the U.S. given the volatility.

Third, we will be making sure that while we take these initiatives, we are balancing our presence across channels and across price points to be able to have a more stable portfolio going forward. So these are our key areas of focus at this point.

As far as tariffs is concerned, we are on a wait-and-watch mode. We believe that up to 25% of tariffs shouldn't create any material disturbance or any stir of any kind or any interruption of any kind because we will be comparable to other competing home textile geographies such as China and Pakistan.

If the tariffs were capped at 25%, then we are 5% better off than China and 6% worse off than Pakistan, which puts India in a reasonably competitive position, and we don't -- at least as far as Himatsingka is concerned, we don't see that to be a material challenge.

What is turning out to be the challenge is really the tariffs that have been imposed over and above the 25% threshold. And the feedback we're getting from clients at this point is largely a wait-and-watch kind of feedback. They'd like to see what happens over the next couple of weeks vis-a-vis the discussions that are ongoing in diplomatic channels.

The customers have not -- as we speak, we haven't seen any clients pull back on any orders nor have we seen any clients ask us to stop production at this point. And this is where we stand as far as the tariffs are concerned. So this was our quick, let's just say, take on the tariff situation.

I've shared with you our key areas of focus. Unfortunately, our utilizations have been hit because of these impacts. But hopefully, there will be a resolution to these matters pretty soon.

I'll be happy to take any questions that you might have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Suvankar Mallick from SKS Capital.

Suvankar Mallick: My first question is, is the company considering relocating the production to other countries in response to tariff?

Shrikant Himatsingka: There are limitations in doing so, Survankar, because of the underlying regulations and the assets that are involved in the process. So we don't have any specific plans of relocating any manufacturing facilities at this point.

Suvankar Mallick: Okay. My next question is, is management currently exploring new markets or customers to offset the impact on the U.S. business?

Shrikant Himatsingka: We absolutely are. As I said earlier in my business update, other than the U.S., we are currently serving 35 jurisdictions globally. And we service a client roster of over 70 clients non-U.S. We are working round the clock under the circumstances to be able to push and expand our presence in non-U.S. jurisdictions as fast as possible. That's something we are doing. And I can't be more specific at this point, but it's definitely priority number 1 on our agenda.

Suvankar Mallick: Yes. So can I squeeze another question?

Shrikant Himatsingka: Sure.

Suvankar Mallick: Can you just share the FY '26 guidance about like revenue and margin? That's the last question.

Shrikant Himatsingka: Survankar, Himansinka does not give guidances on revenues and margins. As far as margins is concerned, we have shared with stakeholders earlier that our EBITDA margin band is 18% to 22%, and that's where we believe our model should deliver. That's not a guidance for '26, but that's more a band guidance that we believe we should be at, at any given time. However, under the current circumstances and the uncertainties that prevail, I'm afraid I can't share anything more specific at this time.

Moderator: The next question is from the line of Bhavin Chheda from Enam Holdings.

Bhavin Chheda: A couple of questions. One is on the -- first thing on the tariff itself. Despite this quarter had a full impact of incremental 10%, which was levied on Indian exports to the U.S., your margin is still at 19%, which was a decent enough decline of hardly 200 basis points. So has the client absorbed the incremental 10% impact and there was no impact on FOB values because it looks like the margin decline quarter-on-quarter was largely due to a lower top line and operating leverage.

Shrikant Himatsingka: Yes. I mean we had shared with investors earlier that -- and stakeholders earlier that we expect 150 basis to 200 basis point share somewhere in that range. And of course, it's dependent on product mix. And we had also said that as far as the first phase of 10% went, the clients have reached out on sharing some of the burden on tariffs, and we said that we will share a little bit of burdens of the total. And the rest is either been absorbed by the client or the has been passed on to the consumer.

To the best of our knowledge, as far as Phase 1 is concerned, it's been absorbed by most of the large retailers, and they haven't materially passed on anything at this moment. There are a few exceptions and a few buckets where they have passed it on. But as far as the first phase is concerned, to the best of our knowledge, it's been limited to absorption at their end.

Bhavin Chheda: Okay. That's very helpful, sir. And obviously, you already would have been in talks with the -- now the tariffs of all the countries have been announced and India got 25 and another 25 as a penalty.

So what is the discussions right now about the initial 15% increase, how the -- again, it's a similar situation, you will have to partly absorb and they're partly absorbing because first 10% and now 25% is a very different number?

So what kind of -- what is the client feedback on that 25% levied to India vis-à-vis the other countries, a few countries are having lower than 25%? I'm not taking another 25%, which is still -- there is a possibility of a rollback if at all the India stops buying Russian oil.

Shrikant Himatsingka: First 10% -- whatever the calculation had to be done has been done. The 10 to 25 bucket will largely follow the same pattern as the 0 to 10 bucket. And maybe the impact will be slightly lower than what was on the 0 to 10 bucket because as far as we are concerned, we have already shared some on the first instance.

The last 25 to 50 bucket, there has been no discussions yet because quite honestly, it's been just a week since it's been imposed. And everybody is just digesting how to handle an uncertainty and a phenomenon of this nature, which is unprecedented and sort of as far as India is concerned, and we haven't seen something as absurd as this before.

So we haven't taken any precipitative steps and/or any conclusive steps or have had any conclusive discussions with clients vis-a-vis this 25 to 50 bucket. It's on a wait-and-watch mode, and it's being worked out at this point.

Bhavin Chheda: Sure. So as I interpret, you're saying that the first 25 shouldn't be a problem and the newspaper reports indicating that the big box retailer had cancelled orders of Indian clients because of the sharp increase is all speculative, right?

Shrikant Himatsingka: There is no such things as client cancelling orders of Indian exporters. That's a broad and sweeping comment, Bhavin. I cannot say that nothing has occurred. I can say that nothing has occurred vis-à-vis Himatsingka. And I can also say that nothing -- one should look at any such articles in the light of the fact that it not -- it doesn't just address home textiles, but could cater to various categories of products.

It could include apparel. It could include other forms of products, which I have no jurisdiction to comment on. As far as Himatsingka is concerned and to the best of my knowledge vis-à-vis the home textile industry, we haven't seen any substantive and/or material decision by any client to withhold and/or stop production of any kind.

Moderator: The next question is from the line of Prerna Jhunjhunwala from Elara Securities.

Prerna Jhunjhunwala: Just wanted to understand the efforts on the brand side. Most of the other home textile companies whom we speak to have ramped up their branded profile to mitigate the risk on B2B orders. Where are -- what are we doing on branded side in the U.S.?

Shrikant Himatsingka: Prena, the Himatsingha operates a fairly substantive portfolio of brands. If you were to look at us, if you were comparing apples-to-apples, there are enough brands that we have as well. I'm not sure that brands will help us mitigate B2B risk. This is Himatsingka's personal -- I mean, this is Himatsingka's opinion because we did operate the largest national portfolio -- national brand portfolio in the country earlier in the United States as far as home textiles is concerned.

While it had some advantages, but it didn't help us mitigate some of the B2B risks necessarily because the brand portfolio came along with its own challenges and issues. So we use, at least as far as Himatsingka is concerned, brand portfolios to optimally position ourselves as total solution providers and make sure that we are available to clients with a more holistic portfolio of solutions than without it.

In the past, I've been asked by investors if brands help us enhance margin profiles. And my answer is that it's been largely neutral because if it does offer some upside on gross margin, there are also associated costs with it in the medium term, and it largely stands neutralized or at best, it could be 100-odd basis -- 100, 200 basis point movement.

So we feel the brands will add more value when it comes to jurisdictions like India -- and when it comes to channels like e-comm and Qcom, these are really areas where we think brands will have material and substantial value vis-à-vis mitigating B2B risk. This is how we look at it. And on that front, we operate in the country with three brands, as I said, and we are expanding all three. And we are expanding our footprint in the e-comm and Qcom channels as well.

Prerna Jhunjhunwala: This is helpful. And sir, in light of these on tariffs, what will be our exposure to U.S. today and non-U.S. geographies, including India?

Shrikant Himatsingka: Yes. We've shared this earlier. It should be in the region of -- pure U.S. should be in the region of 60% going south. Over the last 2 fiscals, it has corrected substantially because of our Terry division ramping up in other jurisdictions as well and so on, plus our foray into India and things like that. So 60% and reducing. So my aim was that Himitsingka should be below 50% over the next 18 months was what we were aiming -- 18 to 24 months was what we were aiming for in a normalized scenario.

Prerna Jhunjhunwala: And sir, my last question will be on India ramp-up. You had mentioned about around INR150-odd crores revenues that you had reached in FY '26. Could you also help us understand the touch points, the penetration that you're targeting region-wise penetration that you are looking at, where are we? Some color on India business, that would be helpful.

Shrikant Himatsingka: So channel, we function across various formats and channels like other brands do. So we are present in the multi-brand outlet universe. We are present in the large-format store universe, which are the department stores and other similar store formats. We are present in the institutional universe, which includes all the hotels and restaurants and things of that nature, the institutional requirements.

We are present in the private label channels where we service private label requirements of major retailers in the country. We are present in the e-comm channels. We are now present in the QCO channels. And we are exploring other formats through which we can also reach consumers across the country. Our footprint for our Himeya brand is in the region of 4,000 -- around 3,500 to 4,000 points of sale.

And we intend to take our Liv brand to over 10,000, 12,000 points of sale at this point. Of course, these numbers keep sort of targets will change as we go along, but this is where we are aiming at as far as some of our brands are concerned.

And please keep in mind that Himitsingka operates both in the bedding and bath segment as well as in the drapery and upholstery segments. And one of the plans that we are working on at this time is to broad base our drapery and upholstery segment offerings as well to cater to price points which are more affordable and broad-base that product portfolio as well.

So we are working across bedding, bath, drapery and upholstery at this point and across all channels and price points, India is seeing reasonably strong growth. And I think in the times to come, it will continue to see robust growth. There's a fair amount of opportunity that can be tapped into as far as India is concerned.

Prerna Jhunjhunwala: Sir, I understand that so much of effort has gone that our U.S. revenue share has actually declined from 80% plus to now around 60%. But then what is the challenge in increasing our capacity utilization and growth given that new geographies are being tapped and new customers are being added, India is growing. So where is the challenge line in increasing the utilization?

Shrikant Himatsingka: The challenge in Himatsingka specific case, and I can speak only for ourselves, a, is that we were also unfortunately in a position where we had to face revenue loss because of key customers that were not part of our portfolio anymore vis-à-vis BBB and things of that nature.

And we also had to face revenue loss on account of brand recalibration because of the brand expenses and model being not as attractive as earlier, which I had openly shared with stakeholders, at least the way we saw it.

So unfortunately, in our case, we had to battle a revenue loss, which we had to make up for. So that's what had caused some of the headwinds and revenues look stagnant. So in our specific case, we were also faced with that situation. And hence, it looks sluggish. -- as far as growth is concerned.

Prerna Jhunjhunwala: And when do you see the inflection point coming in for growth given that -- I mean, if -- whenever tariffs normalize, when do we see an inflection point coming in for growth?

Shrikant Himatsingka: We had actually even as early as a few months ago when we had raised our equity through a QIP, we had shared openly with stakeholders and also on earnings calls on various occasions that Himatsingka's assets are in place. Our capex program stands concluded other than our annual organic requirements.

And we believe that in a 2-year timeframe, we were looking at essentially sweating our capacities, and we felt that we should be able to optimize our utilization levels, take it to the high 90s and be in a position to deliver revenues of approximately INR4,000 crores and stay within our EBITDA band of 18% to 22%. So that was really our mantra. It still is our mantra and our focus.

But unfortunately, for one reason or the other, we are seeing a pushback on the revenue front, which we are battling. So while we settle down with all the other things up until Q4 and now we have started having to face the pushback on account of tariffs. So these are the things that are causing disruptions and delays in our trajectory.

Moderator: The next question is from the line of Nirav Savai from Abakkus.

Nirav Savai: My question is on the India part of the business. So what has been the top line for the quarter? And how much has it grown on a Y-o-Y basis?

Shrikant Himatsingka: Nirav, can we take this offline because I have to give you some background and foreground. We are not sort of disclosing quarterly numbers on geography-wise quarterly numbers. So -- but I'll be happy to have a discussion with you and give you an overall picture of where we are headed with the domestic market and things that and answer those queries for you.

Nirav Savai: Sure, sure, sure. And another thing was on the other expenses side. now. They have come down by 30% Y-o-Y. So is this number sustainable for the rest of the year? Or do we see any changes at least for the next 2, 3 quarters in FY '26?

Shrikant Himatsingka: We believe it should be range bound. It's reflective of some of the reduction in brand costs and things of that nature. So we believe, Nirav, that this -- I mean, this proportion should be range bound now unless there is an event of some kind as a result of these tariffs, which causes us to enhance certain expenditure. I mean I'm just putting it on the table. But unless it's an unusual and infrequent event of that nature, I don't see why this should materially change.

Moderator: Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Shrikant Himatsingka: So thank you all for taking all the time today. I do hope we have answered most of your queries. Unfortunately, these are a little uncertain times, and we have to go through it. But please do reach out to us should you need any further clarifications and/or have any questions later on, and we'll be happy to answer it for you. Thank you, and have a good day.

Moderator: Thank you. On behalf of Himatsingka Seide Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.