Dated: 15.05.2025

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001

Subject: Submission of Transcript of- Investors' Conference under Regulation 30 of SEBI (LODR)
Ref.: Shanti Spintex Limited, Scrip Code: 544059

Dear Sir / Madam,

Pursuant to requirement of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the earnings call.

Kindly take the above on record and acknowledge receipt.

Thanking you,

Yours faithfully,

For Shanti Spintex Limited
(Formerly known as Shanti Spintex Private Limited)

MOHINI SINGHAL
Digitally signed by MOHINI SINGHAL
Date: 2025.05.15 17:53:29 +05'30'

Mohini Singhal
(Company Secretary & Compliance Officer)
Membership No. A47724
Place: Ahmedabad

Shanti Spintex FY25 Earnings Conference Call

MANAGEMENT: MR RIKIN AGARWAL – MANAGING DIRECTOR

MODERATOR: MS. GARIMA – GO INDIA ADVISORS

Garima: Good afternoon, everyone. A very warm welcome to everyone attending the Shanti Spintex Financial Year 25 earnings conference call. We have with us today Mr. Rikin Agarwal, Managing Director of Shanti Spintex. Please note that today's discussion may include certain forward-looking statements and must be viewed in conjunction with the risks that the company faces. Now, I hand over the call to Mr. Rikin for his opening remarks. Thank you and over to you, sir.

Rikin Agarwal:

Good afternoon, ladies and gentlemen. On behalf of Shanti Spintex, I extend a very warm welcome to all of you joining us today for our maiden earnings conference call. This is a proud milestone as we initiate a journey of greater transparency and open dialogue with our valued stakeholders.

The financial results and earnings presentation have been uploaded to the exchange, and I trust you've had an opportunity to review them.

FY25 has been a landmark year for Shanti Spintex—marked by our highest-ever annual revenue, full capacity utilization, and significant strides in operational and strategic execution. Revenue for the year grew by 40% year-on-year to ₹710 crores, driven by healthy volume growth and a favourable product mix. EBITDA and PAT stood at ₹20.38 crores and ₹10.2 crores, respectively, reflecting stable profitability and a strong top-line performance.

Our journey, which began in 2010 as a fabric trading enterprise, has evolved into a fully integrated denim manufacturing business. Today, we operate at full capacity, producing 19.2 million meters annually with a sharp focus on quality, innovation, and sustainability. Our manufacturing setup includes 96 air-jet looms and high-performance dobby looms, complemented by responsible practices such as the use of recycled yarn and sourcing over 50% of our energy from renewable sources.

This year's strong performance also reflects prudent working capital management—a favourable mix characterized by improved receivable cycles and tighter inventory controls. This has materially supported internal cash generation, enabling us to reduce our net debt-to-equity ratio to 0.14x. This disciplined approach not only strengthens our balance sheet but also enhances our financial resilience.

On the commercial front, our strategy has centred on acquiring and nurturing a stable base of customers. By deepening customer relationships and aligning on long-term value delivery, we are creating a loyal client base, giving us greater pricing flexibility and the ability to pass on cost variations in upcoming quarters.

Looking ahead, Shanti Spintex is well-positioned to capture emerging growth opportunities. Our forward integration into a finishing unit in H1 FY26 is expected to enhance design agility, improve margins, and bring us closer to the end customer. In parallel, a backward integration project with a dyeing unit in FY27 will bolster our control over quality and input costs, supporting end-to-end operational efficiency.

Sustainability remains central to our vision. We are accelerating investments in renewable energy infrastructure, aiming to reduce power costs and reinforce our identity as a progressive, environmentally responsible denim manufacturer.

With that, I conclude my remarks. Now we are open for questions.

Garima: We'll wait for a minute until the question queue assembles. Mr. Satyam, you can go ahead with your question.

Satyam: I have a couple of questions. First, how is the demand scenario in the US and Europe compared to last quarter? Have you seen any improvement from global retailers?

Rikin: Good afternoon, Satyam. In the USA and Europe, demand is definitely better compared to last year. While we are primarily focused on the domestic market, we are indirectly benefiting from export markets. So yes, demand is improving.

Satyam: My next question is: what is the impact of the Bangladesh textile sector disruption on Shanti Spintex? Do you see India benefiting from the shift in orders?

Rikin: Yes, many orders from big brands have shifted to India. Indian garment exporters are seeing good benefits, and as a result, there's an increase in demand from Indian garment manufacturers. So the denim fabric business is indirectly gaining from the Bangladesh situation.

Satyam: Lastly, how will the UK FTA influence your pricing strategy, product mix, and market share?

Rikin: The FTA with the UK will reduce the duty on garments, which used to be 8–12%. This will make Indian garments more competitive compared to China and Pakistan. Currently, India holds a 5–6% share in the UK apparel market, which we expect to grow. This will also increase demand for textiles in India.

Satyam: Okay, that's all from me. Thank you.

Garima: Thank you, Mr. Satyam. Next question is from Mr. Mukesh.

Mukesh: Am I audible?

Garima: Yes, you're audible.

Mukesh: First of all, please throw some light on the current results. Why have profits dipped?

Rikin: If you see the results, our top-line has grown significantly. To drive this growth, we compromised slightly on pricing and focused on strict receivables and inventory control. We passed on price benefits to customers, which impacted profitability slightly, but ensured healthy revenue growth.

Mukesh: So going forward, where do you see your margins?

Rikin: In today's board meeting, we concluded the acquisition of a finishing unit, which is a forward integration. Denim manufacturing involves three key stages: dyeing, weaving, and finishing. Until now, we were only involved in weaving. With this acquisition, profits from finishing will be consolidated, which we expect to increase profits by ₹5–6 crores annually.

Mukesh: How much capex are we investing in this?

Rikin: ₹4 crores for acquisition and ₹5 crores via unsecured loans. Total investment: ₹9 crores.

Mukesh: And you're expecting a benefit of ₹5–6 crores per annum?

Rikin: Correct.

Mukesh: PAT margin in H2 was 1%, H1 was 1.75%. What margin can we expect next year?

Rikin: In FY26, PAT margin should be around 2.5%. With the dyeing unit by FY27, margins should rise to around 3.5–4%.

Mukesh: What about the solar power capex mentioned earlier?

Rikin: It's still underway. We prioritized this acquisition first. However, we've acquired land for the solar project and expect operations to start in about 15 months—by FY27.

Mukesh: How much capex will be required?

Rikin: About ₹60 crores for the dyeing unit. We're expecting an additional net profit of ₹12–13 crores from this. It will be a composite unit.

Mukesh: How will you finance the ₹60 crore?

Rikin: Majorly from internal accruals, with some portion through debt or a preferential equity issue.

Mukesh: So even without revenue growth, profit could triple by FY27?

Rikin: Yes, we expect 3x growth in net profit by FY27.

Mukesh: Current capacity utilization?

Rikin: Around 89%. We'll reach full capacity soon.

Mukesh: Any plans for capacity expansion?

Rikin: No immediate plans. First, we'll focus on profitability through the new units. Capacity expansion will come after two years. There will be 10–15% revenue growth from the new finishing and dyeing units.

Mukesh: Will the new units also take on outside work?

Rikin: Around 15–20% capacity will be used for outside job work. The rest will be captive use.

Mukesh: That's all. Thank you and all the best.

Rikin: Thank you, Mukesh.

Garima: Thank you, sir. Next question is from Mr. Harshit.

Harshit: Hello, sir. Some of my questions are already covered, but could you confirm the capex split between forward and backward integration?

Rikin: Sure. Around ₹8.5–9 crores is for the forward integration (finishing unit) and ₹60 crores for the backward integration (dyeing unit).

Harshit: So the overall capex is around ₹70 crores. And most of it is funded by internal accruals?

Rikin: Correct. As per the results, our current debt is about ₹10 crores.

Harshit: Right.

Riken: And already in this month of May, I think this debt will come to around ₹2.5 to ₹3 crores because we had some portions in fixed deposits in the current company, which we will use to pay our short-term borrowings. So the current debt will be around ₹3 crores. The unit we are acquiring, Teesta Spintex, has a debt of around ₹8 crores, so we are not increasing much debt for this acquisition. We are not taking any new debt for this.

Harshit: So sir, can you just tell us what will be the peak debt-to-equity, and during the ongoing capex that you are planning, what is the upper limit you won't go beyond?

Riken: So for the new unit, if we take a debt of ₹30 crores, the total debt will be around ₹35 crores. We have not finalized whether we'll go for debt or equity, but if we go for debt, then it will be ₹35 crores. So the debt-to-equity ratio will be around 0.35 from the current 0.14. So the maximum would be around 0.35.

Harshit: Okay, sir. Thank you, sir.

Garima: Thank you, sir. We'll take the next question from Mr. Ajit. Mr. Ajit, you can unmute and ask your question.

Ajit: Thank you for the opportunity, ma'am. This is Ajit from ULJK. I had a few questions. What is the cotton yarn spread and how does it compare to last year? What is the landed cost of US cotton futures? Have you substituted domestic cotton with imports?

Riken: The US cotton landed cost is around 7–8% more expensive than Indian cotton due to an import duty of around 10%. At present, only 2–3% of our cotton consumption is imported. Some African cotton is being imported because of better quality.

Ajit: Okay.

Riken: We expect cotton yarn prices to be stable this year. In the last two years, there was already a correction in cotton and yarn prices, so they should remain stable for the next one year.

Ajit: Okay, sir. Can you—

Garima: I think we lost him.

Riken: Am I audible?

Garima: Yes, sir, you're very much audible. Until he reconnects, we'll take the next question from Garima Singhal.

Garima Singhal: Hi. Am I audible?

Garima: Yes, you are.

Garima Singhal: My first question is: does the company plan to export? If yes, which geographies are being targeted?

Riken: Definitely. We plan to begin exports in the next one to two years. The export markets we are looking at are Colombia, which is a good market for denim, and South America, Mexico, and Egypt.

Garima Singhal: What revenue mix do you want to maintain between domestic and export in the coming years?

Riken: Around 5–10% of the revenue will come from exports, but not a significant amount.

Garima Singhal: What percentage of revenue comes from value-added fabric?

Riken: Around 70–75% of revenue comes from value-added products.

Garima Singhal: Last question: what is the long-term plan for customer segmentation and product positioning?

Riken: Currently, we are working with dealers in Gujarat. In the long term, we are looking to expand our dealer network in Delhi, Mumbai, Kolkata, and Bangalore.

Garima: We'll take the next question from Vaibhav Kapoor.

Vaibhav: Hi, good evening, sir. I was looking at your investor presentation, slides 6 and 10. Your capacity utilization has increased from 29% in FY21 to 89% this year, but your EBITDA margin has fallen from 10% to 2.8%. Why the decline in margins despite higher capacity utilization?

Riken: Good evening. While capacity utilization increased to 89%, we had to offer competitive prices to retain customers. We also gave better prices and cash discounts due to strict payment policies. This led to a drop in margins.

Vaibhav: I understand that. But if capacity tripled and margins dropped 70%, how do we interpret this? What is the steady-state margin?

Riken: In FY21, we were not making our own fabric. Most of it was job work. So, the revenue included job work services, which carried better margins. Now, we do everything in-house—there is no job work or contract manufacturing—so the margin profile has changed.

Vaibhav: So, you're saying job work had better margins?

Riken: No, it's not trading. We were doing manufacturing for others on a job-work basis, so the revenue shown was for services only.

Vaibhav: What was the job work share in FY22, FY23, and FY24?

Riken: I don't have that handy, but in FY23 and FY24, it was very minimal—not material.

Vaibhav: Your current FY25 net profit margin is 1.4%. You said you're targeting 2.8%. How will that happen?

Riken: Around 1% improvement will come from the acquisition of a finishing unit, which is expected to contribute ₹7–8 crores in profit. We'll also save on transportation costs.

Vaibhav: So you're saying steady-state EBITDA margin for the weaving unit is around 3%?

Riken: Yes, 3% for FY26.

Vaibhav: And with the new unit, that will add ₹7–8 crores?

Riken: Yes.

Vaibhav: So, the steady-state EBITDA margin for weaving will be 3.5%?

Riken: Yes, and if all goes well, it can go up to 4–4.5% in weaving. For the entire composite unit, it can reach 7–8%.

Vaibhav: Got it. Thank you.

Garima: Thank you, sir. Next question from Mr. Satya Mehta.

Satya: Hi, thank you. Sorry I joined a bit late. I'd like to understand the business better. Who do we sell to? Who are our main customers?

Riken: Good evening, Satya. We manufacture denim fabric. We buy yarn from spinning mills in Gujarat and dye it. The dyed yarn is woven into fabric in our unit. The fabric is then sent to a finishing unit. We sell the finished fabric to dealers in Gujarat—currently unorganized traders, not branded players.

Satya: So dealers sell to garment manufacturers?

Riken: Yes, they sell to both big and small garment manufacturers. We typically get orders of 2–3 lakh meters.

Satya: And what's the delivery timeline?

Riken: We do in-house product development and distribute samples. Lead time is generally 15–20 days.

Satya: Understood. What are our top-line and growth plans for the next 2–3 years?

Riken: We expect top-line growth of 10–15% due to the addition of a processing and dyeing unit, which provides backward integration. We're targeting net profit of ₹30 crores by FY27.

Satya: Are we doing anything different to achieve this growth?

Riken: No, it will remain fabric sales through dealer and distributor networks.

Satya: Got it. Thank you.

Garima: Thank you. Next question is from Shweta BK.

Shweta: Hi. Thank you for the opportunity. I wanted to ask you, are we putting ourselves in participating in any PLI schemes or something as of now?

Riken: As of now, Shweta, the PLI scheme is for polyester. It is mainly for man-made filaments and man-made fibers. So, for cotton, as of now, the PLI scheme from the central government is not there. And for man-made filament and fiber, it is also for a very big investment. So, many SME players or large corporates don't fall under that. Big corporates like Alok or Reliance—basically it's for them because the project size is nearly around ₹1,000–2,000 crores for the PLI. Definitely, some state governments are giving incentives, like the Gujarat government, so we will be eligible for that.

Like, the Gujarat state is offering interest subsidy and some pricing in power also—they are giving subsidies.

Shweta: So are we taking advantage of that right now?

Riken: At present, we are taking advantage—for this new unit, we will be getting an advantage for Teesta Spintex for interest and power. For Shanti Spintex, our subsidies for interest and power are over—it was for the initial five years.

Shweta: Okay. And whatever we've acquired—you were mentioning right now—we've acquired some new plant or something. I wanted to know how we funded it and it's come at what cost?

Riken: So, for acquiring this, we'll be paying ₹4 crores for the equity portion and around ₹4.5 crores for the unsecured loan, which the existing company was having. So, it will be replaced from Shanti Spintex. And somewhere around ₹8.5 crores is the existing debt in that company. So, it will come along with that.

Shweta: Okay. And like the government has recently given advantage for UK-India partnership. So will we be benefiting from that in any way?

Riken: So definitely, indirectly, many apparel orders will be shifting to India, as India will now be 10 to 12 percent more competitive compared to other countries. So, many garment orders will be shifting to India. So, for making apparels, indirectly, definitely, for this value chain, we will be getting advantage. So, this fabric will be sourced from India.

Shweta: OK, got it. Thanks a lot. I'll keep a watch. And if I have any questions, I'll come back in the field.

Riken: Thank you so much.

Garima: Thank you. We'll take the next question from Mr. Vaibhav Kapoor. I believe, Mr. Vaibhav, you're on mute. Can you please unmute yourself and go ahead with your question?

Vaibhav: Yeah. So I was just trying to understand—this unit that you have acquired—you're saying you spent about, I mean, ₹8 crores in debt and ₹5 crores in equity. So you'd be paying about ₹13 odd crores, and you're saying there'll be a ₹7 or ₹8 crore jump in profit?

Riken: Yeah.

Vaibhav: And is this an entire holding belonging to you—I mean the promoter family—or how does it work?

Riken: So yes. So what happened is—this unit was there—it was established last year. So, the commercial production started from FY24. Earlier I was having a 40% stake in that, and 60% stake was outside. So what happened is we acquired the balance 60% in this April only from the other promoters. And now, in order to ensure that there is no diversion of interest, we are shifting 100% equity to Shanti Spintex now.

Vaibhav: So Shanti Spintex will acquire your entire shareholding, which is 100% owned?

Riken: Definitely. Yes.

Vaibhav: And how did you arrive at this valuation?

Riken: We have taken a value from certified valuers. They have given a report of valuation, and the valuation is very nominal—like it's hardly ₹1 crore more than the book value.

Vaibhav: Yeah. That's the follow-up question that I had—that it seems that you could have, you know, probably had a higher valuation as well. I mean, ₹1 crore seems great for us, but isn't it too reasonable in that sense?

Riken: Because it was a related party, so we didn't want any questions or anything to be raised. So that's why we preferred to transfer it at cost or at least some margin on that.

Vaibhav: Okay. That was nice to hear. Alright. I'll just join myself back in the queue. Thank you so much.

Garima: Thank you, sir. We'll take the next question from Satya Mehta.

Satya: Thank you for the follow-up. Two questions. One is—the dealer-distributor network that you're talking about—that we sell to—what is our typical wallet share with those dealers? I am guessing they also procure from other manufacturers?

Riken: It's difficult to get out how much they are buying from us and from other manufacturers. But definitely, we are working with our customers, so I can say we are working around 70 to 80% of their business is being sourced from us. Because we are able to give them good service—what they require—we have a more customer-centric approach, and whatever quantity they want, we are able to supply them.

Satya: Got it. So, and for growing, then are we onboarding new distributors to our network or we are trying to capture more share from the existing distributors?

Riken: So, at present, from the existing distributors only, we are getting more business. We have not tried to approach more customers because there was a scope to increase our share with these dealers only. So definitely, once we think we have reached their capacity, we will explore more customers—more dealers also. Increasing more dealers—so there is competition within them.

Satya: Right, right. Sorry to probe on that—if we already have a 70–80% market share with a given dealer, then growing share over there is difficult, right?

Riken: So, that's why we are focusing—now we have captured dealers from Gujarat—so now we are focusing on dealers from Delhi, Mumbai, Calcutta, and Bangalore. So that will be a different region altogether, and there will be no competition in the dealer network also.

Satya: Right. Got it. The other question was—this backward integration point you mentioned—and I missed the initial 10–15 minutes. If you already spoke about it, sorry for that—but if you can explain that a little bit? How are we planning the backward integration and how will it impact the topline?

Riken: So, the backward integration we are doing is on the adjacent land only, where the existing manufacturing facilities are located. The area is around 38,000 square meters. And we will be setting up a dyeing unit—indigo dyeing range—and other machineries. So basically, the yarn which we are getting outsourced—the dyeing which we are outsourcing—we will be doing it now. And the capex for that will be around ₹60 crores.

Satya: And the profitability which we are expecting from that is around ₹12 crores?

Riken: Right.

Satya: Got it. And so this will not impact the topline, right?

Riken: This will have an impact on the bottom line only. Not much of the topline will be impacted by this because the outsourcing or job manufacturing is hardly 10–15% out of it.

Satya: Got it. Understood. I'll fall back in the queue. Thank you.

Garima: Please raise your hands in case you have any questions. Riken Sir, we'll just wait for another one minute. Vaibhav Kapoor, you can go ahead with your question.

Vaibhav: So you've told about the solar project that you've put on hold. If you could just explain the amount of capex that you were going to do, and what cost savings would have come, and what date do you plan to think about that project?

Riken: So, for solar, the main reason for delay was—otherwise, we would have completed earlier—there was not some clarity from the Gujarat government side—how they would give the net metering or how much benefit they would give to the unit by putting a captive. In the last 2 months only, we got that clarity. So the project capex is around ₹7–8 crores for solar to reach 90% of our power requirement, and the saving will be around ₹2.5 crores.

Vaibhav: Okay. Saving will be about ₹2.5 crores. And what will be the capacity of the solar plant?

Riken: For the solar plant, this will be around 2.5 megawatts.

Vaibhav: Alright. Perfect. That answers my question. Thank you.

Garima: So, Mr. Satya Mehta, you can go ahead with your question.

Satya: Thank you and sorry for the follow-up again on this. You said the ₹60 crore capex for backward integration. How are we planning to fund that, and over what duration will it be funded, and when will that go operational?

Riken: We are expecting it to be operational in the next 15 months. And the funding—some part of it will be from internal accrual itself, and some part will be from debt. As of now, we are planning for debt. So, around ₹30 crores of debt—we are eyeing on it.

Satya: Right. And in 15 months it will be online. So you're saying the ₹12 crore impact on profit—that we'll start seeing after 15 months?

Riken: Yeah, but on a pro-rata basis it will be there. ₹12 crore is for a full year.

Satya: So, is it fair to say that in FY27 we will likely have an improvement in profitability?

Riken: Yeah, we can expect six months or at least half-yearly in FY27.

Satya: Right. Got it. Understood. Thank you.

Garima: Mr. Vaibhav Kapoor, you can go ahead with your question.

Vaibhav: Yeah, just a follow-up on this. You said that around ₹60 crores would be the capex for this backward integration project. And you're saying ₹30 crores would come from internal accruals. I'm just trying to understand this math—because you're saying that about ₹7 or ₹8 crores you will do, you know, as an acquisition that you're going to pay up right now. And you're saying that ₹30 crores in internal accruals will happen. So, this number seems to be a mismatch. Because if you look at your EBITDA—it's about ₹25 odd crores. If you just take your working capital to remain the same for the next 12 months—you will have about ₹20 to ₹25 crores of cash flow, give or take, at best. And out of that, ₹8 crores is already going to be consumed for this integration. So, there seems to be some plug-in variable or some figure that I'm not being able to get through.

Riken: So this acquisition which we have done—we are doing all the profit of this last year, which ended March 25. So, we had some cash surplus with us and we are expecting around ₹17 crores of net profit this year.

Vaibhav: Right. So, the cash surplus that is there—you have yet not done the acquisition, right?

Riken: We will get payments. We have—at present—that amount has been put in the investments, that surplus amount.

Vaibhav: Okay. So, if you could just explain what is the current net debt that is there and what is the cash on this March balance sheet?

Riken: The acquiring unit or Shanti Spintex?

Vaibhav: Shanti Spintex, and then we will take the acquiring.

Riken: At present, in March 25, if you see the debt or bank debt—if you're talking about bank debt—it is around ₹11 crores. That is also short-term. So, long-term debt from bank is zero at present in March 25.

Vaibhav: Okay, so you're saying the bank loan is ₹12 crores. And what is the current investments that you've kept aside for this?

Riken: So the current investment if you see here is around ₹8.5 crores.

Vaibhav: That is totally there in the current investments?

Riken: Yeah. Yes. You can see cash and bank balance—around ₹8 crores. You can see the balance is there.

Vaibhav: And ₹17 crores is the net profit plus the depreciation. So about ₹20 to ₹23 crores. Around ₹7 crores is still remaining?

Riken: ₹7 crores maybe we can put in as a promoter contribution or contribution from directors.

Vaibhav: Alright. Perfect. And that gives the entire mind. Thank you.

Riken: Yeah.

Garima: Please raise your hand in case you have any questions. I believe we'll wait for another minute. Otherwise, we'll wrap up. I believe no more questions. Sir, you can go ahead with your closing remarks.

Riken: Thank you so much, everyone. We at Shanti Spintex remain confident about the industry future, supported by progressive government policies, early signs of revival, and our strategic focus on cost efficiency, product innovation, and customer centricity. We truly value your continued support and thought-provoking questions which help us stay committed and forward-looking. We hope this discussion provided clarity and insight into our business. For any further queries or information, please feel free to contact us or our Investor Relations team at GoIndia Advisors. Thank you once again for joining us.

Garima: Thank you, sir. And thank you, everyone.