

May 06, 2026

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**National Stock Exchange of India Limited**  
"Exchange Plaza"  
Bandra – Kurla Complex,  
Bandra (E), Mumbai – 400 051  
**NSE Code: GHCLTEXTIL**

**BSE Limited**  
Corporate Relationship Department,  
1<sup>st</sup> Floor, New Trading Ring, Rotunda Building,  
P.J. Towers,  
Dalal Street, Fort, Mumbai – 400 001  
**BSE Code: 543918**

Dear Sir/Madam,

**Subject: Filing of Transcript of Investors' conference call held on April 30, 2026**

In continuation to our earlier communication dated April 27, 2026 and April 30, 2026 and pursuant to requirement of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith copy of the transcript of the earning conference call by Company's senior management held on Thursday, April 30, 2026 at 03:00 PM(IST) for your reference and record.

Please note that copy of this intimation is also available on the website of BSE Limited ([www.bseindia.com/corporates](http://www.bseindia.com/corporates)), National Stock Exchange of India Limited ([www.nseindia.com/corporates](http://www.nseindia.com/corporates)) and website of the Company ([www.ghcltextiles.co.in](http://www.ghcltextiles.co.in)).

You are requested to kindly note the same.

Thanking you

Yours faithfully

**For GHCL Textiles Limited**



**Lalit Narayan Dwivedi**  
**Company Secretary and Compliance officer**  
**Membership No.: FCS10487**  
Encl: as above



“GHCL Textiles Limited  
Q4 & FY26 Earnings Conference Call”

April 30, 2026



**MANAGEMENT:** **MR. R.S. JALAN – NON-EXECUTIVE DIRECTOR**  
**MR. RAMAN CHOPRA – NON-EXECUTIVE DIRECTOR**  
**MR. MARSHAL SONAVANE – CHIEF EXECUTIVE OFFICER**  
**MR. M. PARASURAMAN – CHIEF FINANCIAL OFFICER**

**MODERATOR:** **MS. MEHAL GOGIA – GO INDIA ADVISORS**

**Moderator:** Ladies and gentlemen, good day and welcome to GHCL Textiles Limited Q4 and FY26 Earnings Conference call, hosted by Go India Advisors. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Mehal Gogia from Go India Advisors. Thank you and over to you, ma'am.

**Mehal Gogia:** Thank you. Good afternoon, one and all. It's my pleasure to welcome you on behalf of GHCL Textiles Limited. Thank you for joining us today for the Q4 and FY26 Earnings con-call. Today on the call, we are joined by Mr. R. S. Jalan, Non-Executive Director; Mr. Raman Chopra, Non-Executive Director; Mr. Marshal Sonavane, CEO; Mr. M. Parasuraman, CFO and Mr. Manu Jain, Senior General Manager, Finance and Accounts.

Please note that today's discussion may include certain forward-looking statements. Therefore, they must be viewed in conjunction with the risks that the company faces. I now invite Mr. Marshal to present his opening remarks, after which we will open the floor for Q&A. Over to you, sir.

**Marshal Sonavane:** Thanks Mehal. Good afternoon, everyone and a warm welcome to GHCL Textiles Earnings Conference call for the fourth quarter and full year ended March 31, 2026. Our detailed results and investor presentation are available on the stock exchanges. Let me begin with the operating environment before turning to our performance and the road ahead.

The global backdrop represents a case of cautious optimism. Challenges remain in terms of on-going US-Iran conflict, which has disrupted traditional trade routes, resulting in shipment delays and elevated logistics cost. Energy markets are under pressure and higher fuel prices is weighing on the cost economics of our synthetic portfolio and fabric manufacturing. Markets remain volatile and we are monitoring these developments closely.

Despite this external turbulence, there is optimism about the overall market. Domestic market conditions improved meaningfully during quarter 4 FY26. I am pleased to report that the quarter was a strong one for us across both volume and pricing. Demand strengthened across our knitting and weaving segments.

On the cotton front, prices moved upwards, rising from approximately INR55,000 per candy in December '25 to around INR62,000 currently. Global cotton markets have reflected similar trends. Importantly, domestic cotton availability remains comfortable for us and overall supply conditions provide reasonable visibility for the year ahead.

On trade policy, the resolution of reciprocal tariffs with US and the signing of India-EU Free Trade Agreement represent meaningful structural tailwinds for the Indian textile value chain. As additional FTAs with the UK, New Zealand and other markets are executed, new export avenues

will open up for Indian manufacturers. GHCL Textiles is well placed to capture these opportunities.

Turning to our operations, we have maintained optimum utilization across our units and continue to advance our operational excellence agenda. Our new 25,000 spindle unit has stabilized and is operating at optimum utilization. We have also successfully completed the installation of initial batch of knitting machines and early customer response has been encouraging.

Rooftop solar capacity commissioned during FY26 is now contributing to our energy cost efficiency. Together these investments represent a meaningful uplift to our productive base and FY27 will be the first full year in which we will realize their complete benefit. Our business has delivered robust performance and same is reflected in reported financials.

In quarter 4, revenue increased to INR375 crores, up by 31% on year-on-year basis. EBITDA came in at INR52 crores and PAT at INR28 crores. For the full year FY26, revenue came in at INR1,335 crores, which is an increase of 14% over last year. Also, full year EBITDA came in at INR156 crores, which increased significantly by 34% over last year.

Further, our balance sheet remains strong with net debt of INR118 crores, which represents 0.1 x net debt to equity ratio. We made a deliberate and considered decision to increase our cotton procurement ahead of anticipated price rises. This has resulted in a temporary increase in working capital, but we expect this to translate into a tangible cost advantage in the coming quarters as that inventory flows through production.

In FY27 we plan to install additional knitting machines and expand our rooftop solar capacity. I am also pleased to share that we have received approval for land allocation in PM MITRA Park Virudhunagar, Tamil Nadu. This is a strategic development for GHCL Textiles and positions us well for the next phase of scale growth and product integration.

We will share more details on our plans for this facility as they develop. The momentum from quarter 4 appears to be carrying forward and the current quarter is shaping up well. That said, global macro conditions remain fluid, energy prices are unpredictable and geopolitical developments can shift market dynamics quickly.

As I said before, we are cautiously optimistic. Our strategic priorities remain clear, broadening our value-added portfolio, deepening vertical integration and sustaining operational excellence. We are committed to creating long-term value for our shareholders and we thank you for your continued confidence and support. We are now happy to take your questions.

**Moderator:** Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Riddhesh Ram Gandhi from Discover Capital. Please proceed.

**Riddhesh Ram Gandhi:** Hi sir. Congratulations on your numbers. Sir, just wanted to understand a little bit as to have spreads in Q1 of FY27, are they in line or higher than where they were for the average of Q4? And just wanted to understand what the drivers are of these spreads right now. Is it because of the MMF sort of increasing in price because due to oil prices and the Iran war?

**Marshal Sonavane:** Yes, so I think from quarter 3 to quarter 4 onwards, definitely there is an increase in spread. This seems to continue in quarter 1 as well. So whatever spreads we have received in quarter 4, at least it seems to continue in quarter 1. Beyond that, as I said it is depending on how the global geopolitical situation evolves, there could be an impact over it, but at least for quarter 1, we have a visibility that the spreads look to be continuing.

In terms of drivers for this spread increase, primarily I think in quarter 4 we saw a lot of demand tailwinds, both from export markets and domestic markets. Also in quarter 2, quarter 3, the prices of cotton were more benign than what they are right now. I think these two factors led to a lot of spread increase for us and also in general for the market.

**Riddhesh Ram Gandhi:** Got it, understood. Sir and the incremental benefit of our renewable capex, will it kick in in this quarter or the next quarter?

**Marshal Sonavane:** So, we did two renewable investments. One was 3 megawatts for our rooftop solar. That as in we have said in previous calls also, the incremental benefit would be about INR2 crores. I think that we will realize for the full year. The other 10-megawatt investment on ground solar which we are doing.

The expected full year benefit is going to be about INR6.5 crores to INR7 crores depending on the generation. At this year the commissioning will be around July to August. So probably we'll get about 7 to 8 months of benefit. Primarily your summer seasons would have gone, so benefit would be in the range of about INR4.5 crores is what we can expect.

**Riddhesh Ram Gandhi:** Got it. Sir, and the last question was that given sort of the extremely low leverage you have despite the level of capex that you all have done, what is the future plan for deployment with free cash flow because obviously I have an under-levered balance sheet which to an extent might be impacting your ROE. So, are you guys either looking at some form of a buyback given the regulations have recently changed or any other capex that you all are looking to do to sort of have the appropriate capital structure?

**Marshal Sonavane:** We are as of now we are not looking at a buyback, but we are looking to deploy this cash what we generate and also see earlier we had a plan of about INR1,000 crores of investment. Out of that about INR675 crores is already deployed. The remaining INR300 crores, INR350 crores odd which is pending is to be deployed in next 3 years primarily.

As I said in the opening remarks also, we are taken -- we have received land in PM MITRA Park. That land itself it is about 50 acres of land and there will be a significant capital investment towards that. And as we have said in earlier calls also, our vision remains to become a ready-to-cut fabric supplier. I think the further investments pending on our side, about INR350 crores is going to be more towards fabric and processing. So, in a nutshell, I think most of it will be deployed and we are not looking at buyback right now.

**Riddhesh Ram Gandhi:** Okay, understood sir. Thank you, that's all from me. Thanks, and all the best.

**Marshal Sonavane:** Thank you.

- Moderator:** Thank you. Next question is from the line of Prerna Jhunjhunwala from Elara Capital. Please go ahead.
- Prerna Jhunjhunwala:** Hello, congratulations on good set of numbers. Just wanted to understand for the demand scenario in domestic and in export markets. What is the driving factor in both the geographies? And what has been the increase in prices and spreads over the last 3 to 4 that has been realized in this quarter and is yet to be realized in the in Q1?
- Marshal Sonavane:** So, Prerna, if I understood your question correctly, you are asking about what were the drivers behind the demand tailwinds, right? And the second part is on the spreads, quarter-to-quarter movement on spreads, correct?
- Prerna Jhunjhunwala:** Yes.
- Marshal Sonavane:** Yes, so in terms of demand tailwinds, I think one big factor was the overhang from the US reciprocal tariffs and the penalty tariffs which was on India. I think subsequently India-US trade deal got agreed and both squashed the tariff itself, sort of that unleashed a lot of demand factors. And that was main trigger why demand in the U.S. market went up. And India, as you know, is primarily dependent on U.S. for a large part of its export.
- So that definitely benefited. The other part was this improved market sentiment in the Europe part when the FTA was signed. So, a lot of inquiries started to come in and demands got concretized in that part of the market, even the domestic market has behaved well. So, before that, I think there was a lot of demand from China.
- So, in the last quarter, there's a lot of yarn demand which came from China as well, which was not there earlier. So that also helped utilize a lot of excess capacity which India has in yarn. And last part, I think even the domestic markets performed well. So, there has been a consistent increase on a quarter-on-quarter and year-on-year basis in domestic market demand as well. So, I think these were some of the reasons why we saw a lot of demand tailwinds. On the spread side, I think the spreads have gone up. Just to give you a number, our spread in Q3 was about INR123 per kilo, which has gone up to about INR148 kilo in Q4.
- Prerna Jhunjhunwala:** So, are there purchases from China continuing even now? And what would be the reason that China is purchasing now. It was not happening earlier, any factors that you can attribute it to?
- Marshal Sonavane:** I think we have seen a tapering down on demand since March, at least in our set, of customers and channel partners. We have seen a tapering of demand there. In Q3 ending, I think the yarn prices in India were very low compared to the overall scenario. I think that was one reason. And second there is an acreage reduction in China with respect to cotton. So, these 2 factors primarily sort of led to a lot of demand uptake from China. But as I said, at least I have seen a tapering down right now.
- Prerna Jhunjhunwala:** Okay. Understood. The demand is tapering down from China. Okay. Understood. And sir, second on the spread part, is the increase in spread fully utilized in Q4 or there is going to be some improvement that we can see in Q1 as well?

- Marshal Sonavane:** So at least in Q1, I believe that it will continue, what spreads we have received in Q4, it would continue at least in Q1. But beyond that, I think a lot will depend on how global situation evolves. A big overhang definitely remains on fuel prices and sort of gas availability across India market.
- Prerna Jhunjunwala:** Okay. Are there any disruptions at your end with respect to gas availability or labour availability, which could impact your Q1 numbers?
- Marshal Sonavane:** We do not utilize gas in our processes, right? So, we do not have a direct impact from gas availability. In terms of labour, we did not, of course that remains a challenge across the industry, but we have been able to manage our labour situation very well.
- Moderator:** Next question is from the line of Saransh Gupta from SVAN Investments.
- Saransh Gupta:** Congratulations on a great quarter. Hoping that we continue on the same. Firstly, as you mentioned that the spreads in this quarter were 148, which went up about 25 per kg since the last quarter. So, was it for the whole quarter or we saw that post being bought?
- Marshal Sonavane:** So, I think this is an average for the whole quarter. I am not giving any ending number but this is an average for the whole quarter.
- Saransh Gupta:** When you consider an average for the whole quarter. But then the improvement in gross margins restricted to few basis points only. I am looking at the improvement in fact the numbers look quite bit on the higher side. So, are you missing something?
- Marshal Sonavane:** Sorry I could not hear you. Your voice has echo.
- Moderator:** Mr. Saransh. May be please request you to use your handset your voice is not clear.
- Saransh Gupta:** Now it's audible.
- Moderator:** Yes, please go ahead.
- Saransh Gupta:** So, sir when you, -- when you look at the spreads compared to the Q3 and Q4, the improvement, the gross margin improvement is not that significant as compared to the improvement in the fact that we have seen in the Q3. So, are we missing something out here?
- Marshal Sonavane:** I am not able to understand why you are saying there is improvement in gross margin?
- Saransh Gupta:** The spread saw growth on the higher side, the numbers which is 126 to 148, and gross margins which you indicated saw Q-o-Q increase. So, I want to understand the mismatch of gross margin improvement?
- Marshal Sonavane:** So, I think at an absolute level, this is sort of unitized, right? On an absolute level, it will depend a lot on what volume was also generated. So, in Quarter 4, our volume is slightly lesser than Quarter 3 as well. So, what I understand is that on a gross margin absolute level, the improvement is not as much as it is in your unitized level, right, on a continuous basis.

- Saransh Gupta:** But if you look at the -
- Moderator:** Sir, again your voice is not clear, Mr. Saransh.
- Saransh Gupta:** But sir, if you look on the overall volume also on the yarn, there is hardly any drop in the overall volume in the yarn. This has declined from 10,800 to 10,400. And the numbers look a bit on the lower end at this point of time on the gross margin perspective. So basically, I'm unable to understand that thing?
- Marshal Sonavane:** I don't have the exact percentage number, but what I can tell you that our costs have remained more or less similar between Q3 and Q4. So, whatever EBITDA improvement has happened actually has happened because of improvement in gross margins as well. On a per kilo basis versus a quantum basis, there could be a difference and that I do not have readily available. But what I can tell you that our EBITDA margins went up about 10% to 11.7%.
- R. S. Jalan:** Let me answer this question. If you look at our numbers, Q1- Q2 basis, basically the increase in the EBITDA is approximately around 29%. The number which you are talking about the value spread, it matches. So, if you look at that way, the EBITDA has gone up. I'm reducing even the onetime income, which we have, that also has reduced. After that also, the increase in the EBITDA is around 29%. That is matches with what Marshal is saying, 123 to 148. Offline, we can always give you any clarity on that. We are not missing anything.
- Saransh Gupta:** Second thing- I want to understand now for the full quarter you indicated the spreads were at 148 definitely the major benefit came in the month of March. So how are these spreads in the starting of, I mean in April you can say something?
- Marshal Sonavane:** We actually started seeing good improvement in spreads from December onwards itself; in the first 2 months of Q3, the spreads were very low, right? So, if you see between Q2 and Q3, the situation worsened a lot, but the spread at least in our case drop was marginalized. Right? That was primarily because from December onwards we started seeing good uptick.
- And that is what we had also recorded in our statements, in our last investor call as well, that from December onwards we are seeing a good increase in our spreads. And that is what continued between January, February, March. Of course, there was a gradual improvement on a month-on-month basis, but it is not correct, at least in our case that majority of improvement came only in March.
- I was just answering your second part of question. So, as I said earlier also that in Q1 of FY27 we at least from a visibility perspective we are there is a high likelihood of this spread of INR148 a kilo continuing. Of course it can go up. But at least on the conservative side we are pretty certain that this will continue.
- R. S. Jalan:** So basically, what he is saying, Saransh, is that there is no possibility that this rate might increase in the first quarter.

**Saransh Gupta:** And sir, one last question is on your fabric. Now, definitely, the contribution has moved up from 8% to over 12% for the full year. So how shall we see the fabric contribution for FY27 and probably once you deploy entire INR375 crores for the processing fabric, what will be the contribution in next 2 to 3 years?

**Marshal Sonavane:** So definitely fabric has gone up to 12%. And that is what we have been saying that we are building a market for this further investment which we will do in fabric and processing. This year, of course there will be an increase of this fabric percentage. We are targeting almost 15% of our revenue to come from fabric. A large part of our knitted fabrics would be in house.

Because 15 machines are already in house and another 25 machines at least from quarter three onwards, we should start receiving. So, a large part of our knitted fabric will be in-house. Woven fabric will continue to be on an outsourced model only. Then we have, we are completely ready with our ready-to-cut fabric, with processing capacity. 40% of the product yarn will continue to be sold as yarn and the rest 60% will be vertically integrated either in form of fabric or in the form of processed fabric.

**Moderator:** Next question is from the line of Aradhana Jain from 360 One Capital.

**Aradhana Jain:** Two questions. Just wanted to understand that in general what are the inventory levels that we maintain of cotton? And given that the cotton prices were favourable prior to the 11% import duty again getting reinstated from January, how much inventory were we maintaining during that period?

And how much inventory do we have right now of the cotton that we would have procured at lower prices? The reason I am asking is that now if we see the cotton prices have started to inch up, right? You also mentioned that in your opening remarks that from 55,000 per candy it is now to around 62,000 per candy. Right? So how much inventories have we you know built up?

**Marshal Sonavane:** We have sufficient inventory to enable us to continue till the next season? So, I think this is what we have been maintaining. In between, there would be a replenishment of the consumed inventory because we don't know how the next season will be. So, there will be a continued investment in our purchases of cotton. But now onwards, I think our cotton purchases will start to taper down a bit because we took a strategic decision to buy our inventory early and maintain it for the season. That is what we have done.

**R. S. Jalan:** Sorry, let me give you a specific answer to this. We have approximately around 120 days of inventory as on 31st of March. Okay, so that is almost around four months of inventory. But Marshal rightly said now the purchases will be tapered down and these four months along with some few interests purchases we will be consuming over the period of till now.

**Aradhana Jain:** Understood. The second thing I wanted to understand is that given that the spreads have been improving, in terms of price absorption at the downstream level, have we seen any issue that we would be facing in terms of passing those prices on to say, for fabric or garment manufacturers? Because ultimately, from demand perspective, do you think that this kind of increase in the

spreads would be easily absorbed in the market, given the kind of inflationary situation that we are in, would it be sustainable, the pass-through of the increase in the spreads?

**Marshal Sonavane:** I think that's a very good question, and that is what our risk also is. At least for Q1, we see this at this cotton price level. The spread would continue and the price would continue to get absorbed. But the big risk is particularly from an inflation point of view and gas availability. So, the cost in processing and fabric making would continue to rise, whether at that cost level at which other participants in the value chain would operate at, whether the yarn prices will continue to rise, that's a big question mark. We don't have a ready answer right now. It is a situation we continue to watch.

**Moderator:** Next question is from the line of Rehan Saiyyed from Trinetra Asset Managers.

**Rehan Saiyyed:** Like my majority of questions have been answered. I just want a clarification regarding your export market. So, for your key export market like U.S. and Europe, so what has been the Y-o-Y demand decline or growth percent in FY '26? And what is the outlook you are seeing for FY '27?

**Marshal Sonavane:** A quarter-on-quarter basis, our exports have increased. So, this quarter, it was almost about 14% of our top line came from exports. I want to clarify one part in your question. We do not export directly to U.S. We basically give to fabric manufacturers who sell in turn to U.S. We definitely export to Europe directly multiple countries in Europe and also Bangladesh.

So at least in our priority markets with respect to exports, we have not seen any decline. Europe has been on a muted demand basis for almost, I think, 1, 1.5 years now and probably longer. And I think that level of demand is continuing. In between, we see a bit of an increase here and there, but largely it has remained steady.

Bangladesh, we do not see any slowdown. The inquiries at least for us remain very strong. And even the export data shows that India overall exported a larger quantity in Q4, particularly in January, February, March numbers are still to come in. But at least in January, our exports from India for yarn were healthy compared to what is the usual average.

**Rehan Saiyyed:** And last one question. I just wanted to ask, like is there any EBITDA margin guidance you want to keep for coming quarters, like two, three quarters or the full year?

**Marshal Sonavane:** So, for the full year, what we do not give exact numbers or guidance. But what I can sort of tell you that we expect the growth what we have delivered this year to continue. It would be near about that level, exact number, it is like plus/minus 2% delta sort of thing, right? But that is what we are expecting, it will continue. Given the situation in geopolitics does not worsen from what it is right now, and we see a quick closure or quick resolution on the West Asia conflict, which is going on.

**Moderator:** Next question is from the line of Lakshminarayanan from Tunga Investments.

- Lakshminarayanan:** Thank you. Just want to understand, there have been any inventory gains for us in the last one year?
- Marshal Sonavane:** No, there is no inventory gain to report. We have been at least for the last year maintaining minimal amount of cotton inventory which has increased only recently. And in terms of our FDM, there is no inventory gain.
- Lakshminarayanan:** And in terms of our consumption of cotton, what is the mix of imports and what is the Indian cotton units?
- Marshal Sonavane:** So, a mix of Indian and imported cotton fee, it varies. But on a, at an average level we have almost about 30% of our requirement from export as an imported cotton, 25% to 30% on imported cotton and rest is all domestic.
- Lakshminarayanan:** And in terms of selling to the brands, what has been the, actually, you know, there are two ways of selling. One is to agents and then one is to the brand itself. So, the yarn selling to the brands, what was it for the last for FY26 and what was it as a percentage in FY25?
- Marshal Sonavane:** Let's say we have a very concentrated portfolio of strategic customers which consume almost 40% to 50% of our volume, and these are all large top brands. Beyond that also, there is almost 25% to 30% of people or maybe around 20%, 25% number, which is given to brand but through intermediaries or traders, but their communication is directly with the brand between brand and GHCL Textiles. The rest 20%, 25% is through small and medium customers, who typically would be servicing brands but won't be the brand in themselves.
- Lakshminarayanan:** Got it. And in terms of spindle, what is the current spin rate we have because we reported a very high utilization. What is the current spin and the extra spindle when it will get utilized?
- Marshal Sonavane:** I missed the first part of your question. Can you please repeat?
- Lakshminarayanan:** What is the current spin rate we are operating?
- Marshal Sonavane:** So current 25,000 spindles is what we have. The 25,000 spindles which we sort of commissioned in June is included in this.
- Lakshminarayanan:** Okay. And the utilization is on the entire thing?
- Marshal Sonavane:** Yes. In Q4, we achieved 98% plus utilization.
- Lakshminarayanan:** And what is the capex plan for FY27?
- Marshal Sonavane:** So FY27 capex plan will be between INR100 crores, INR120 crores. Primarily, there is one large investment on our on-ground solar. So, the cash outgo and the commissioning will happen this year. The second part is on strategic investment. Another part is about INR15-odd crores in our knitting machines, which will happen. And there is a large strategic investment which we

are doing in PM MITRA Park, which I outlined in my opening remarks as well. That is primarily on line.

- Moderator:** Next question is from the line of Amey Chheda from Banyan Capital Advisors.
- Amey Chheda:** Thanks for the opportunity. So, these 25,000 spindles peak revenue is around INR300 crores, right? So, in Q4 we did INR70 crores, INR75 crores. Is that understanding, correct?
- Marshal Sonavane:** So that INR300 crores number is basically includes, actually it is a range depending on the price of the product and it is between INR250 crores to INR300 crores, including both knitting and spindles. Okay. So, I think that is what it is per quarter only spinning would be about INR50 crores to INR60 crores. And I think that is what we sort of achieved in a way in Q4.
- Amey Chheda:** And what was the contribution from this in Q3?
- Marshal Sonavane:** Q3 was lower. I think Q3 was almost 80% of it. So, it would be about INR35 odd crores is what it would be.
- Amey Chheda:** Okay so, I am just trying to understand where will the incremental growth in this financial year come from? The you know we did around INR1,300 crores this year. So, if you can guide on where the incremental growth will come from?
- Marshal Sonavane:** So, one, number one is actually we sort of operated for two quarters. Right. The new 25,000 spindles, what we operated for this quarter. I think the full benefit we will receive next year also. Now the products are getting stabilized. Of course, there is benefit which will come from unit price as well.
- The second part is knitting machines which got installed only at the end of January. So, the full benefit will come. Also, we are putting another 25 machines, large part of it, almost having 60% of it will come in Q2, Q3. So, we get a benefit from those knitting machines as well. The other part is that we are putting up our solar rooftop solar in March and our on ground solar will get commissioned around Q2.
- So, there will be a benefit from that as well which will help our profitability. The fourth part is that we did a lot of investment in the last 3, 4 years, right? So, we first installed almost 40,000 spindles for synthetic, then another 25,000 spindles. Now it has reached a level where the products can optimize on the product mix and stretch both top line and margins from that, so this will be the revenues for growth for FY27.
- Amey Chheda:** Got it. And we are still holding to the INR2,000 crores revenue guidance in the next 3 years, right?
- Marshal Sonavane:** Yes. We are sort of putting an anchor on that. We are holding on to that.
- Moderator:** Thank you. Next question is from the line of Madhur Rathi from Counter Cyclical Investments.

**Madhur Rathi:** Sir, I wanted to understand regarding the 15% to 18% EBITDA margin guidance. So, what will drive this? Will this be driven by premium product mix in yarn segment only or will it be driven by the fabric portion increasing overall? If you could just help us understand that?

**Marshal Sonavane:** See, I think if you see our last 10 years, we have delivered 15%. So, number one, I think our normal EBITDA for the current set of products itself is about 15%. And I think with the market environment getting better, we would be able to drive towards this EBITDA margin as well.

Second part is we are going towards vertical integration. So, these 25,000 spindles is actually integrated project with fabric. Our global fabric revenue also is going up. Right now, it is on an outsourced model, but we sort of have, we have plans to invest in both fabric making and processing. I think that would add another incremental EBITDA margin.

And the third part is on our product portfolio getting more optimized towards higher margin products. I think that is a continuous journey which we have been doing. There is a continuous bottom slicing of products where margins are shrinking and we sort of move to a new product. And the fourth part is maintaining our utilization levels. We have been able to maintain 98%, 99% utilization levels. I think if we continue to maintain that definitely 15% to 18% margin is a within the next 3 years.

**Madhur Rathi:** Right. Sir, so I'm trying to understand, sir, our aspiration has been always, so one of our competitors, Ambika Cotton, they do close to 67, sorry, they do close to 35% EBITDA margins over a long-term period, and we do close to 30%. So how will we bridge this gap because we have, they are only a yarn player and we are a yarn plus fabric player, still we are doing 70%. So how will we bridge this gap, if you could just help us understand?

**Marshal Sonavane:** So, Ambika Cotton primarily is a vertically integrated player. They are a big name or a very well recognized name in fabric. So, they are vertically integrated. They are not a stand-alone yarn manufacturer. Second, they have been running this business of vertically integrated fabric for a much longer time and they have been able to optimize their products or maintain a quality which will fetch them higher margin.

We are on that journey. I think we have just started our vertical integration journey now. And within not a very long time, but in a short period of time, we will be able to get better on our quality, customer selection, market selection and definitely, we will be able to stretch our margins on vertical integration as well.

**Madhur Rathi:** Got it. Sir, just a final question from me. Sir, with these 40 machines that we have added on the knitting side, how much, what percentage of our revenue should come from fabrics going forward through this?

**Marshal Sonavane:** See, I think with the 40 machines installed, we would be somewhere between 16% to 18% of our fabric revenue coming from, sorry, our total revenue coming from fabrics, almost 50% of it will be knitted fabric. So, at part machines we will be able to do about 15 to 16 tons per day. Right, which would on a tonnage basis itself would be about 12% of our overall volume.

- Madhur Rathi:** Right. So not much because currently, we are doing 15% of our revenues coming from fabric?
- Marshal Sonavane:** That was 12% only, but that is primarily an outsourced model. So, on an outsourced model, we are focusing more on volume buildup and not on profit maximization. When it is in-house, while the volume would remain similar, but it would be more profit optimization story.
- Moderator:** Next question is from the line of Varun Gajaria from Omkara Capital.
- Varun Gajaria:** Just wanted to understand, so out of the 25,000 spindles, that were only recently inaugurated and that 40,000 spindles, so off track of the incremental revenue that we've made this year, what portion of it will be attributable to this new capacity?
- Marshal Sonavane:** Our revenue because of these 65,000 spindles increases has gone up from INR900 crores to about INR1,330 crores, right? So particularly with respect to these 25,000 spindles almost I think INR120-odd INR125-odd crores. Revenue this year has come from the new spindle, and this is 25,000 spindles I'm talking not the 40,000 spindles. For 40,000 spindles, what I told you is that our revenue has gone up from about INR950-odd crores to about INR1,335 crores.
- Varun Gajaria:** Okay. So, 25,000, they'd be working at what 60% capacity?
- Marshal Sonavane:** As of now, the contribution, you can take it about 70%, 75%.
- Varun Gajaria:** So, I suppose you will have 15% more run rate.
- Marshal Sonavane:** Another benefit from price maximization.
- Varun Gajaria:** Right. So probably in '27, do you have a revenue guidance for '27 growth something that you are targeting this year?
- Marshal Sonavane:** To put a number on what would be revenue, I think is difficult because a lot will depend on how the prices move. But what we are sort of internally guiding towards is maintaining our current growth rate what we achieved this year.
- Varun Gajaria:** Okay. So, 14-15% of it. And so, to get to the 2,000 figure that you are alluding to, this current capacity, what will be other triggers to drive our growth? Because I suppose you spoke on the margins that there will be solar capacity and all that coming in, which is a different thing altogether, which will have more impact on the margins. But what will really drive our growth, revenue growth from here? Because the 25,000 spin that we are installing, they will mature this year. So, what is the plan further?
- Marshal Sonavane:** So, you are absolutely right. I think there is a limited room for top line improvement, right, from our current set of assets. That's why we said that we have almost INR350 crores of investment to be done from the agreement which we had and commitments which we have. I think those investments are going in processing and fabrication. I think these investments typically have a much better asset turnover ratio. I think that would enable us to bridge the gap towards INR2,000 crores.

- Varun Gajaria:** Okay. So, asset turn will be 1.5x, on the cotton?
- Marshal Sonavane:** Yes.
- Moderator:** Next question is from the line of Dheeraj Thakur from Elara Capital.
- Dheeraj Thakur:** Congratulations, sir, for such a nice set of numbers. So, most of my questions have been answered. But the last question which I would ask is what is the mix of cotton and blended yarn in the current yarn volume?
- Marshal Sonavane:** Mix of cotton and blended yarn you mean synthetic blended or could you please clarify?
- Dheeraj Thakur:** Blended and pure cotton yarn.
- Marshal Sonavane:** Okay. So, see, our mix is almost 65% towards 100% cotton yarn and rest 35% is on synthetic blended. That is the mix we follow in synthetic blended. There are various versions. There is a polyester rich, cotton rich, right? So, I'm not including that cotton here. So, 65% almost 65% to 70% is almost 100% cotton yarn.
- Moderator:** Next question is from the line of Saket Kapoor from Kapoor & Co.
- Saket Kapoor:** My question could be repeated. Sir, you alluded to the INR120 crores capex for the current financial year. So, if you could just explain where this money will be invested and how will the asset turnover we will expect from the same. And then how rupee depreciation to 90 closer to 96 now to a dollar. How will this help businesses like us which we are getting and in the other income component, we have seen a substantial jump to INR10 crores. So, if you could just explain the nature of it?
- Marshal Sonavane:** I think almost INR35 crores is going towards our on-ground solar 10-megawatt capacity we are putting up. There is an investment of almost about INR15 crores in our knitted machine. And we have another land allocation in PM MITRA Park, a strategic location where a substantial portion of capital is going. And the remaining is our replacement capex and infrastructure capex which is as part of our process which we build to maintain. We have a healthy mix of this in our unit.
- In terms of rupee depreciation, I believe it impacts us in both ways. So definitely, we get a better money or realization on exports, the quantity which we export. But at the same time, it impacts us in our cotton price because we have almost 30% of our cotton on imported, right? We buy a lot of imported cotton; I think that becomes expensive for us.
- Also, across the textile value chain, a lot of imported spares are used, which sort of becomes expensive with this rupee depreciation. The third part is rupee depreciation also impacts, let's say, people who buy chemicals for processing and other operations. So overall, in general, there is an inflation in the textile ecosystem, but at the same time, your exports fetch you higher realization.

From our point of view, particularly the effect is neutral. So, it is both ways, it is benefit also, it is a challenge as well. In terms of your third question about other income, there was a sale of nonstrategic or noncore land parcel, which we have done. And out of that, about INR8-point-something crores of profit has been realized. I hope I've answered all your questions.

**Saket Kapoor:**

Yes, sir. You did answer to them. Sir, when we look at our dividend payout this time, although we have up the dividend with the improved profitability, the dividend distribution is less than 10%. So, if you could just outline to us what is the thought process of the management in terms of distributing cash to the investor community?

And sir, secondly, if you could just give some more colour of how the current business environment scenario is playing out. I missed your opening remarks in terms of the type of vision we are seeing in the crude prices, logistic issues and then inflationary trends emerging in almost every aspect of day-to-day living, how is that affecting the business in particular for us in terms of the spreads? So, if you could just outline to us these two aspects?

**Marshal Sonavane:**

I will take your second question first on the business environment, and I will request Jalan Ji and Raman Ji to take up your question on dividend payout. In terms of current business environment, we see it as a case of cautious optimism. So, there is a lot of demand tailwinds which is happening because of the FTAs getting signed and even the domestic market doing better. There is definitely a risk on the side of West Asia conflict and impact from that.

You definitely said there is an inflationary pressure across which will come in all commodities. And also, as an availability of critical raw materials and volatility in that, that are some important risks which will impact. And that's why, as I said in opening remarks, we see it as a case of cautious optimism. We are optimistic, but yes, there are cautions also emerging.

In terms of spread, our spreads have gotten better from Q3 to Q4. At least we see that continuing in Q1. Beyond that, a lot will depend on how global situation is evolving. I hope I have answered your second question, then I'll ask Mr. Jalan or Mr. Raman to take up your first question.

**Raman Chopra:**

Yes, Saket Ji, as you know that our policy of allocation of our cash flow is very, I would say, committed towards the growth capex as well as the reward to the shareholders and also our loans. So, these are the 3 areas that we look at. As Marshal has talked earlier that we are continuing our journey towards the vertical integration, which will require around another INR350 crores of kind of capex spend spread over a period of couple of years or 2 to 3 years' time.

So therefore, to meet those requirements of growth, so the requirement of whatever cash flow we are generating is most towards the growth capex. So therefore, we are adhering to our policy of 8% to 12% payout. So last year, the payout was 8%. This year also, we have retained our payout of 8%.

And the overall percentage is around instead of 25%, there is a 30% dividend. So, we are retaining that. So, and we'll be utilizing our cash flow towards meeting our growth needs. So, it is both reward to the shareholders as well as the growth need. That is what we are aiming. And

as you know when we have surplus capex whenever it is there beyond the capex or the growth requirement will definitely increase over there. I hope I have answered.

- Moderator:** Next question is from the line of Harshit from Robo Capital.
- Harshit:** Sir, I'm saying on page number 10 of our PPT, we are saying that we will more than double the revenue, right? So, are we implying a revenue potential of INR2,600 crores upwards of that?
- Marshal Sonavane:** No, I think this revenue doubling from our initial base when we started this commitment of doubling, which was about INR1,000 crores. So, our anchor is about INR2,000 crores at least for the short time, short journey of about 3 years.
- Harshit:** Okay. I just wanted to clarify that, sir. And my second question is regarding the volume growth that you are seeing. So, what kind of volume growth that's in FY '28?
- Marshal Sonavane:** So, volume growth from our new spindle which is there, we utilized only for 2 quarters there definitely a benefit of about 4 to 5 months is coming. And also, that is the maximum. Beyond that, I think it will be dependent on the kind of product mix, which we will sort of operate in our unit. So, volume growth could come from that. But primarily, I think next year, the volume growth is going to come from this quarter. Two quarters of 25,000 and also maximization of our set of prices, better product mix, right? I think that is where the growth will come from, but not only from volume.
- Harshit:** And sir, like are we seeing good impact from FTA with the U.K. and Europe?
- Marshal Sonavane:** So, FTAs aren't yet executed, but we have seen supply chains reorienting towards India, right? So, a lot of the new customers which are there in U.K. and EU have started approaching garment in India and started placing some trial orders. That is the reorientation of supply chain, which is happening. Of course, with the view on a long-term basis, the volume will go up.
- Moderator:** Next question is from the line of Sagar from Astralit Investments.
- Sagar:** So, your operating cash flow has decreased a lot year-on-year. I understand that inventory is one factor. But what about receivables? They have also increased 43%?
- Marshal Sonavane:** So receivable increase is primarily for two reasons. Of course, one is large part of it is because of revenue increases. So once your sort of top line starts to go up, then definitely the receivables will also go up in time. Second is in terms of payment discipline, right, because Q2, Q3 was particularly challenging for the industry. So, payment discipline was not there. And in certain cases, higher credit limit was extended. But that number will now start to shrink because overall market has started to perform better and the payment discipline is coming in.
- Sagar:** Fair enough. And sir, for the long duration of the cotton yarn industry globally has not grown much in the last 10 years, but India has grown because we are the second largest cotton production. So how do you see the long-term trajectory of cotton considering the synthetic yarn

growth is much faster. So, what would be the industry growth that you can expect? And how would you grow faster than the industry?

**Marshal Sonavane:**

So, in terms of, yes, I think globally, there is a shift towards synthetic, but India, of course, has inherent benefits and advantages when it comes to cotton. I don't see those benefits going away. Except India, maybe the cotton production is growing only in Brazil. And India, of course, is at a much lower yield, right?

So definitely, there is a very high likelihood or potential of cotton production itself growing in India, that would sort of put the Indian cotton industry in a very good situation. Second, the technology upgradation in India has happened a lot, particularly when it comes to cotton spinning. So, I think because of these 2 things, Indian cotton industry will always be in a good, at least looks like to be in a good situation for a considerable amount of time.

But globally, yes, there is a shift towards polyester. But the way we are adjusting is we are mixing cotton with MMF products and giving a solution to our customers, whether it is cotton cellulosic, cotton polyester, right? So, our strength primarily comes from cotton, and that is what we are banking upon creating products which will satisfy customers' needs as per that.

How do we grow higher than the industry? I think we have spoken about it for almost an hour now. I think we are investing towards going towards ready-to-cut fabric. We are positioning ourselves as a premium yarn supplier and going forward a premium fabric manufacturer, working with the top global brands coming across more as a solution provider for their raw material needs for particularly garment and brands. I think this is how we are positioning and believe with this positioning, we'll definitely be able to grow better than the industry.

**Sagar:**

Okay. And sir, your working capital days, so it was around more than 135,140 days around, right? And I was looking at some of your competitors, they have working capital days of around 90 days. So, what is our sustainable working capital because this is impacting your ROE, right? So, what's your working capital expectation in 2, 3 years down the line?

**Marshal Sonavane:**

So, I think the ideal number for working capital, will depend a lot on the business model as well. But currently, we are at an elevated working capital level primarily because we pre-empted a lot of these cotton price increases and build our inventory. Definitely, there is a scope for optimization of it, and you will see this inventory tapering down as we sort of reduce our cotton purchases.

In terms of our other FG and WIP, they are pretty at lower level than what we were last year. So primarily the increase in working capital alluded is primarily because of your cotton. What is an ideal working capital level, as I said, it depends on model to model. But it usually has been between 110 to 120 days for us also. And I think that is the level we are planning to maintain.

**Sagar:**

This 2000 crores guidance that you have guided for what is the year that you can achieve that and also this 15%, 17% EBITDA margin at what year you can expect to achieve that?

**Marshal Sonavane:** So as for our internal guidance, we are sort of aiming for FY29 at least for the top line, maybe around FY30. So, you can say between FY29 to FY30 is when we are planning to achieve this, both for your top line guidance as well as margin guidance.

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

**R. S. Jalan:** Good evening to everyone. I have been given the responsibility to give a closing remark. So first and foremost, Marshal, I think you have very well-articulated the whole position of the textile. And I think you have been able to give that how the outlook we have and what is the ultimate objective that we are going to achieve in '29-'30. I can only say 3 things.

First and foremost, you remember the last time in our call, I have said that now I'm clearly seeing a visibility of the optimism in the business because I would say that the headwind has been for pretty long and the last what I have said, and that we have been getting reflection now and what our CEO, Marshal has said.

Now we are seeing this optimism going forward in '26, '27 as well. The second point, we are on the right track of moving for our ultimate objective in '29. Like we have done a strategic investment into the PM MITRA Park. That's going to be a big what you call advantage out of that PM MITRA Park.

We'll be able to establish our processing without much of the difficulty along with the ready to cut fabric vision so that we have got the land allotment and we are going to make an investment in that. Overall, we are on the right path of achieving this 2000 crores of objective with a 15% to 18% kind of EBITDA margin. Someone very rightly said ROCE.

Now our focus is also on the ROCE. Yet, this year some ROCE improvement has happened around 1%. And our ultimate objective, by optimizing the working capital, by optimizing the margins, we have an objective to go to a double digit of the ROCE going forward. That will take some time, but that will happen. Now the complete team is aligned with that and definitely we are going to achieve these three objectives. Thank you for your support, and we'll continue to deliver our performance.

**Moderator:** Thank you, sir. On behalf of Go India Advisors, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.