Sportking India Ltd.

(Govt. Recognised Four Star Export House)

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

Subject: Transcripts of Earnings Call of Sportking India Limited for Quarter And Half Year Ended 30th September, 2026

Dear Sir,

Pursuant to Regulation 30 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed herewith transcripts of the Earnings call of the Company held on Friday, 30th October, 2026 to discuss the Company's Financial Performance for quarter and half year ended 30th September, 2026.

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

Yours truly,

For SPORTKING INDIA LIMITED

Lovlesh Verma

Digitally signed by Lovlesh Verma
Date: 2026.11.05 13:01:32 +05'30'

LOVLESH VERMA
COMPANY SECRETARY
(ACS: 34171)

"Sportking India Limited
Q2 & H1 FY27 Earnings Conference Call"
October 30, 2026

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

MODERATOR: **MR. PRATHMESH PARAB – MUFG INTIME**

Moderator: Ladies and gentlemen, good day and welcome to Sportking India Limited Q2 & H1 FY27 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 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 Mr. Prathmesh Parab from MUFG. Thank you, and over to you, sir.

Prathmesh Parab: Thank you. Good afternoon, everyone. Welcome to the Sportking India Limited Q2 and H1 FY27 Earnings Conference Call. Today on the call, we have Mr. Munish Avasthi, Chairman and Director, Mr. Sandeep Sachdeva, Chief Financial Officer and Mr. Lovlesh Verma, Company Secretary.

I hope you have gone through our press release and investor deck. As a short disclaimer before we start with this call, the call will contain some forward-looking statements, which may be based upon our beliefs, opinions, and expectations of the company as of today. These statements are not a guarantee of future performance and will involve unforeseen risks and uncertainties.

With that, I would now like to hand over the call to the management for their remarks. Thank you, and over to you, sir.

Munish Avasthi: Thank you, sir. Good afternoon, ladies and gentlemen. I hope all of you had the opportunity to go through our investor presentation and earnings release. We are pleased to report a strong performance for both the second quarter and first half in financial year '27. Our performance during the period was supported by healthy demand across key market, improved realizations, and continued operational discipline.

We also benefited from a more stable raw material environment, which enabled us to manage costs effectively while continuing to focus on profitability and customer commitments. Market conditions remained encouraging during the quarter. Demand from our export markets continued to be healthy, supported by improving business conditions across the global textile value chain.

On the domestic front as well, consumption trends remain supportive, providing us with good visibility across our categories. From an industry standpoint, a number of long-term trends continue to strengthen India's position within the global textile value chain. Global brands and retailers are continuing to diversify their sourcing strategies and are placing greater emphasis on supply chain resilience, reliability and sustainability.

India is well positioned to benefit from these evolving sourcing preferences, given its integrated textile ecosystem, strong manufacturing capabilities and growing focus on responsible production practices. The company is most benefitted by that. In addition, India's cost competitiveness has strengthened over time, supported by ongoing investments in operational efficiency and renewable energy adoption across the textile value chain.

Further, the India-UK Free Trade Agreement and the ongoing momentum towards a broader India-EU trade have the potential to further strengthen India's competitiveness in important textile markets. Over time, these developments could create incremental opportunities for Indian exporters, improve market access and support the long-term growth prospects of the sector.

Sustainability is also becoming an increasingly important consideration in global sourcing decisions. Over the years, we have continued to strengthen our sustainability initiatives while investing in efficient, environmentally responsible operations. The successful commissioning of our solar power project is an important step in this direction.

Beyond supporting our environmental goals, the project is expected to reduce annual power costs by approximately 15%. Thereby enhancing our overall cost competitiveness. We believe such initiatives strengthen our positioning with customers increasingly value sustainability, reliability and long-term partnerships as part of their sourcing decisions.

On the strategic front are 150,000 spindle Greenfield expansion project in Odisha continues to progress on schedule. Having secured all necessary regulatory approvals, the building construction is now almost complete. The entire machinery package has been ordered and has started arriving on the site in a staggered manner.

Erection of the initial machinery shipments is currently underway and we expect commissioning in the coming months. This expansion is strategically positioned to support our long-term growth and meet rising customer demands, as the company is already cranking up at 99% capacity this quarter.

Odisha provides compelling structural advantages, including close proximity to the Eastern Cotton growing belt robust industrial infrastructure and a highly competitive operating ecosystem. With our existing facilities operating at near full capacity and market demand growing stronger, this new capacity will provide the necessary headroom to scale our operations. Secure the company's next phase of growth and better serve our global customer base. Looking ahead, we remain optimistic about the medium to long-term outlook for both the industry and especially Sportking. A more supportive cotton environment, improving global demand, evolving sourcing patterns, increasing emphasis on sustainability, favorable trade developments.

And our ongoing capacity expansion initiatives together create a strong foundation for future growth. We believe Sportking is well positioned to capitalize on the next phase of growth in the textile industry. Our continued investment in capacity, sourcing capabilities and operational efficiencies have strengthened our ability to serve customers effectively and pursue emerging opportunities across all markets.

With a scalable manufacturing platform, strengthened cost competitiveness, robust sourcing capabilities and the resources to invest in long-term opportunities, we remain focused on creating sustainable value for all stakeholders. Thank you very much. With this, we would be happy to take your questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Santosh Shetty from LGC Capital. Please proceed.

Santosh Shetty: Hello.

Munish Avasthi: Hello.

Santosh Shetty: Yes, sir. So a couple of questions. The company reported a significant improvement in EBITDA margin to 19.8% in Q2 FY27 compared to 10.4% in Q2 FY26. So what were the key factors driving this improvement and how sustainable are these margins going forward?

Munish Avasthi: So the key factors are of course vis-à-vis last year is the improved demand. The demand for cotton and blended yarn has been going up for last two to three quarters. And another thing which has contributed to this is our operational efficiency, which has caused the work we have been doing on our costs has been paying dividends now.

And all the efforts we put in last 2 years, 3 years in being more cost efficient is now there to see. And thirdly, stable cotton prices, which has been there for last 1 year and continue to be so has also helped. Going forward, we see the similar kind of environment in this current quarter and going ahead. So we are pretty bullish on the future.

Santosh Shetty: So the company has announced the INR1,000 crores Greenfield expansion in Odisha involving 1.5 lakh splindles. Could you share the current progress on the project and whether it remains on track for the planned commencement in Q3 FY27?

Munish Avasthi: Yes, as I stated in my opening remarks that the erection of the machinery is going on and we have completed the construction in a record time. Like, our Greenfield project to come in 8 months is a big achievement for us and we intend to start commercial production within next 30 days, 40 days.

Santosh Shetty: Sir just the last question, the company has a presence across 39 countries, so are you looking to enter new export markets like and deepen your presence in other markets too?

Munish Avasthi: Sorry, I couldn't get your question.

Santosh Shetty: I'm asking, sir, the company has a presence across 39 countries, are you looking to enter new export markets or deepen your presence in the existing markets?

Munish Avasthi: Yeah, of course, that we keep on adding new customers and new markets every day, every quarter. So that effort is all ongoing. And, of course, with the new capacity we have identified new markets which we'll be targeting. So yes, that will happen.

Santosh Shetty: Okay, sir. Thank you so much for answering my questions. All the best for the future.

Moderator: Thank you. The next question is from the line of Harsh Shah from Seven Rivers Holdings. Please proceed.

Harsh Shah: Hi sir, good evening. So my first question is on the demand side. Can you break down the Q2 FY27 sales in terms of domestic and export and how is the demand standing if I look at from China and Bangladesh's point of view?

Munish Avasthi: I could get the first part of your question, that is about the percentage of exports. So it is about 52% of our total revenue the last quarter has been through exports. I couldn't get your second question.

Harsh Shah: My second question is how is demand from China and Bangladesh? I believe the last couple of quarters demand has been steadily driven by exports to China and Bangladesh. So, what is the outlook out there?

Munish Avasthi: So the demand from China and Bangladesh continue to be robust and the Indian market was a little bit slow in last 2 months, 3 months, but with this festival season approaching and the spring production commencing after Diwali, which is traditionally the peak season for the domestic market. We expect even the Indian market to join in in good demand.

Harsh Shah: And sir compared to Q2 FY27, as we stand today what would be the spread for us at prevailing prices?

Munish Avasthi: So the spreads, whatever the spreads in first half, whatever we have achieved in the first half of this year and the spreads right now are pretty similar. So right now we are at the pretty similar rate as what we have done in last 6 months.

Harsh Shah: Okay and so what would be the cost per kg for cotton in Q2?

Munish Avasthi: Sorry, you're not very clear actually.

Harsh Shah: No, I'm asking what would be the average cost of our cotton per kg or per candy whatever measure, if you if you can provide that?

Munish Avasthi: So that is that is something we don't disclose. So I would skip that question, please.

Harsh Shah: Sure. No worries. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Mahesh Atal from Dhairya Investment. Please proceed.

Mahesh Atal: Yeah, hi sir, am I audible?

Moderator: Yes, sir.

Mahesh Atal: Yeah, so my question would be more on your previous quarters. You have told us that there would be a demand and most of the yarn manufacturers have been sold for the next 6 months. So how's the market for the next 6 months from current date looking like? Are you selling in spot or you are also doing it for the future contracts? How exactly is the market currently?

Munish Avasthi: The market looks good. I think what we said in the last quarter that we have a visibility for our quarter. So right now we have a visibility for the next till 10 March and it is pretty good. The demand is the same or even better than what it was. So the demand outlook continues to be strong.

Mahesh Atal: And sir we see that the new crop must have arrived on the cotton side. So do you see that now the prices in India and the international prices matching to the same level. So the cost benefit that we had earlier wouldn't be there for the next part of the year. How do you see this? I mean,

the imported cotton being cheaper now and the domestic cotton getting more pricey this should be the approach?

Munish Avasthi: This is a very dynamic thing right now because we are in October and generally the peak arrival in India starts after Diwali. So the prices have moderated from the peak, of course. They have come down from INR70,000 per candy to around INR65,500 per candy right now. And we expect and the spread between the Indian cotton and the international cotton has also been narrowing in last quarter, but it's been very volatile. Sometimes it has gone too low and sometimes too high, but right now we expect in next 3 months we expect the Indian arrivals to go higher and we expect the prices, the gap between the Indian prices and the international prices to narrow going forward.

Mahesh Atal: So you feel that the strategy would be to buy more Indian cotton going ahead?

Munish Avasthi: See we buy cotton every day and we take that decision on that particular day. So it's something whenever we can get a better deal for our company, we do that. So it's a very dynamic situation and we act accordingly.

Mahesh Atal: And sir is this the scenario across the yarn manufacturers or is this only with us how do you take this like industry altogether has seeing the demand from China?

Munish Avasthi: Yeah, see, how people plan that cotton, I don't know, but of course demand is pretty common and consistent for throughout the industry.

Mahesh Atal: And sir irrespective of the cotton prices, you feel that these margins are sustainable for the rest of this year?

Munish Avasthi: Yes, I definitely think that what margins we have made in the first half are sustainable and I'm talking about our old capacity. So whatever we are doing with our old capacity, we expect to be there or thereabouts in the second half also. And, of course, with the addition of our new capacity, the revenue and the profitability of that will come incrementally.

Mahesh Atal: So sir, what capacity you seem to end this year for the new capacity that you are adding?

Munish Avasthi: We expect to by the end of this year, because are commissioning will start, it's a big project, it takes time and we and we expect to finish to start the whole project by the year end financial year end. So we expect a contribution of around INR150 crores to INR200 crores coming off the capacity in the time left in this financial year.

Mahesh Atal: And sir at what capacity generally this kind of project becomes EBITDA positive?

Munish Avasthi: Because it will be EBITDA positive from day one, like from once we scale up to. So it will be a EBITDA positive from day one.

Mahesh Atal: All right, sir. Okay. All right. That's it from my side. Thank you for answering my question.

Moderator: Thank you. The next question is from the line of Abhishek Shankar from ICICI Direct. Please proceed.

Abhishek Shankar: Yeah. Thanks for taking my question and congrats on the good set of results. So my question is again on the cotton prices inventory and the yarn spreads. So first I'll just go with cotton prices. We see that cotton prices has spiked a bit over the last, I think, say about 1 or 2 months, but you mentioned that it has come off its highs?

But I just wanted to know your inventory levels, whether you still have low-cost inventory in your books and till what time will it be there and considering that the monsoon has been disappointing this year and I read in news reports that production is going to go down, so do we see that substantial rise in cotton prices coming? And my concern is that if cotton prices rise faster than the yarn realizations, would we see some bit of tapering in the yarn spreads sequentially. On Y-o-Y basis I agree that it might be up, but sequentially will we see that tapering in yarn spreads coming in?

Munish Avasthi: Okay, Abhishek. Thank you so much for the question. And yeah, right now it's something which happens every year that Indian crop is killed with frost much before it starts arriving. So we still hold cotton. We think that cotton crop is not going to be as bad as people are portraying it to be, but yeah the current spreads what we have and even what we are buying right now gives us a pretty reasonable spread of what we have done last year.

It should be close to that in the last half. So it's not that it's way off the mark. So we have a good blend of imports as well as local cotton buying. So we expect the margins going at least for next 6 months, which we have the visibility for, we expect the margins to stay almost where we were in the first half.

About the cotton prices, Indian cotton prices going up, going ahead. I don't think so. I think they're going to come down. The Government of India had extended the import duty waiver till 31st October, and we expect the notification for extension till December somewhere to come very soon.

And there have been extensive lobbying with the government to remove it altogether, because looking at the forward landscape of Indian textile industry with EU and UK demand expected to come forward, come ahead. So we are we think that demand is going offset supply in a big way.

So I think right now the demand of yarn is pretty solid and we think any incremental increase in cotton is going to increase the yarn prices as well. So we don't believe that these spreads will be very way off the mark from where they have been in last 6 months. There can be a deviation of 2% plus or 2% minus going forward.

But I don't see it just slumping in a big way. And rather, I expect that with Indian market, Indian demand in the future, this next 6 months is traditionally a peak season for India, and with the tailwind of all the FTA, we believe that these spreads can strengthen rather than going down from here.

Abhishek Shankar: Yeah. Thank you, sir. So, just one more bit of question. It's more of a bookkeeping question that I wanted to understand. So I see the depreciation -- if I'm right, is there any change in the depreciation method? It's a bit lower, right?

Munish Avasthi: Yeah. So there was a difference. So there was a small change in the depreciation method and there was a difference of about INR7-INR8 crores because of that. And from next quarter, the old plant, the depreciation -- and there was some machinery which was fully depreciated and there was no change, and there was some change because of number of years which we have increased. So from next quarter, we expect the run rate to be around INR17 crores – vis-à-vis INR24 in last quarter and INR14 in this quarter.

Abhishek Shankar: Okay, sir. Thank you so much. I'll get back into the queue.

Moderator: Thank you. The next question is from the line of Mahesh Atal from Dhairya Investment. Please proceed.

Mahesh Atal: Thanks for the follow-up, sir. My question would be, when you say that now the prices in Indian markets have come down from INR70,000 to INR65,000 a candy, what would be the imported landing price for the imported cotton?

Munish Avasthi: So, imported cotton right now should be -- just give me one sec. It should be around 67,000.

Mahesh Atal: Okay. So there's almost a gap of 10%.

Munish Avasthi: Not 10%. Indian is at 65 and this is at the 60-65, so the difference of 2%-3%.

Mahesh Atal: Okay. All right. And sir, do you see this gap closing down in next 6 months or something like that?

Munish Avasthi: We expect this gap to actually widen. We expect the Indian prices to become lower going forward and the international prices by standard. So I don't know. It's very dynamic thing and we don't make up our mind. We buy every day according to different market conditions and with the new information we are getting every day.

Mahesh Atal: Okay. And sir, do you still feel that this demand that you get from China and from Bangladesh, this is sustainable demand? And you have forward contracts or you see the visibility from those countries for the rest of the year?

Munish Avasthi: Yes, of course. See, we generally work on a window of 80 to 90 days, so we are sold in January and many days. So we have the visibility because that is already in the book. But we see a continuous demand from these countries. And you see, Bangladesh has been a partner for so many years and India is the only destination which serves them, it's like an extended part of our market.

And the demand there has been even in these difficult times which they have had because the energy crisis has been pretty consistent at about 45,000 to 50,000 tons. And China also, for last 12 months, they have been buying at about 60,000 because their cotton prices are much higher, the local prices are much higher than ours.

And there is an import duty of 40% on any cotton they import, and there is 3% duty on any cotton yarn they import. So they have been importing quite a bit, not only from India but also from Vietnam and Pakistan. So we see this trend going on. And another thing which we have

seen is that there is a small shift from polyester to more cotton-friendly blends and cotton. So that is also contributing to a better demand.

Mahesh Atal: Sir, what is the spread in dollar terms today?

Munish Avasthi: Sorry?

Mahesh Atal: In percentage of dollar, like cents, how many cents would be the spread between the yarn and the cotton?

Munish Avasthi: So, raw cotton is around right now, our blended cost right now is -- I can tell you in rupees so you can make it. It's about, INR150, INR155..

Mahesh Atal: Okay, all right. And it has gone up considerably because I think last quarter it was somewhere around INR130, if I am correct?

Munish Avasthi: So last quarter it was 150 and this quarter it was around 160. So it keeps on, you know, it's still seen somewhere. Last year, that's I'm talking about only cotton, because we have other -- our overall spread was 130.

Mahesh Atal: Yeah. All right sir. That's it from my side. Thank you. Thank you so much.

Moderator: Thank you. The next question is from the line of Saransh Gupta from SVAN Investments. Please proceed.

Saransh Gupta: Yeah, thank you for the opportunity and congratulations, sir, on a very great set of numbers. So I just had one question as others were answered. So I just wanted to understand what kind of benefits are we getting from the Odisha government for the capex that we are doing there?

Munish Avasthi: So, in a Odisha project, we have many incentives. First is the capital subsidy, which we are going to get for 30% capital subsidy, which will be paid to us in 5 equal installments. On a INR1,000 crores investment, we are looking at about INR200 to INR220 crores coming back to us in 5 years.

And then we have a power subsidy which is from a blended cost of around 6 in Punjab right now. We are going to get power at INR4 for 10 years in Odisha. And then there is an employment guarantee scheme which gives us around INR7,000 to INR8,000 per labor per month to us for 5 years.

Then there are other small benefits like PF, contribution and stamp duty and land. Some, we're going to get some -- half of our land price back once we achieve an employment of 1,000 people. So these are the main incentives. Other than, of course, the geographical advantage we get from putting up a plant there.

Saransh Gupta: Understood. And one last thing if I can squeeze in. Sir, I understand that the cotton season is going to come in post Diwali as you said and currently the cotton price is trailing around 65,000 to 68,000. So will it be fair to assume that post the season, post the crop that comes in prices might go down and that might impact the spread?

Munish Avasthi: I might, what? Sorry, I didn't get this question.

Saransh Gupta: Basically, I just wanted to understand what are the spreads in the current month? Like, have they improved or are they at par with what they were earlier?

Munish Avasthi: So that's what I said earlier, that spreads are pretty much similar to what we have achieved in last 6 months. And about the spreads going forward, we see a lot of traction in demand and we think if at all -- so we expect the prices, Indian cotton prices, to go down after Diwali. But even if it is otherwise, we expect the strong yarn demand to absorb those increases if at all. But we are of the view that these prices have more chances to come down than go up.

Saransh Gupta: And sir, incremental demand. Are we seeing it from the export market or there is some space left in the domestic market itself? Because as you said in your opening remarks, that domestic market demand was not that good.

Munish Avasthi: So yeah, so exactly. So we have seen a lot of demand from exports, and the domestic has been a little moderated as compared to the demand from exports. But that is very seasonal in nature. And we expect rabi season is from Diwali to Holi. So we expect the demand to catch up after Diwali, and we have seen some green shoots and we have seen some demand coming in. But I think in earnest, it picks up always after Diwali. So we see that adding up to the existing global demand in coming times.

Saransh Gupta: That was all and I'll get back into queue. Thank you so much and all the best for your future.

Moderator: Thank you. The next question is from the line of Harsh Shah from Seven Rivers Holding. Please proceed.

Munish Avasthi: Yes, please.

Moderator: As there is no response from Harsh, I am taking the next question from the line of Abhishek Shankar from ICICI Direct. Please proceed.

Abhishek Shankar: Yeah. Thanks again for the opportunity. Sorry if I have missed out on the spreads that you mentioned, sir. So just, just for clarification, as per my calculations, rough calculation, your spread during Q2 should have been roughly around INR130 to INR132 per kg. And that is what was there in Q1 FY27 as well, right?

Munish Avasthi: No, Q1 was around INR133 and Q2 has been around INR141.

Abhishek Shankar: 140, okay. And you see the similar trend going ahead, right, if I've understood it correctly?

Munish Avasthi: Yeah. We see the spreads between 130 and 145 going ahead. We see it somewhere here.

Abhishek Shankar: Okay.

Munish Avasthi: At least for next 3 months, 4 months.

Abhishek Shankar: Okay, sir. Thank you so much sir.

Moderator: Thank you. The next question is from the line of Nimesh Verma from Vexora. Please proceed.

Nimesh Verma: Good afternoon, sir. Am I audible?

Munish Avasthi: Yeah. Please sir. Please go ahead.

Nimesh Verma: Sir, I had a few set of questions. The first one was given the textile industry exposure to cotton and [inaudible 34:10] price volatility, how is the company managing raw material procurement and inventory to protect the margins?

Munish Avasthi: So we have a very robust. We have a very good team doing this for us. – So it's a very dynamic thing which we do every day. So, for me to explain how we do it is not very easy because it's something very complex. So I don't know what exactly you want to know. I mean, it's something we watch every day.

And we source our raw material from 10 countries, and we look for the best deal available across the continent. And then, yes, that's how we work. And to mitigate the risk of the cotton, we keep a healthy order book for our yarn phase. So if we have cotton for 5-6 months, we always -- so we have an order book for 3 months.

Nimesh Verma: Okay, got it, sir. Sir the second question would be, the company has announced a INR1,000 crores greenfield expansion in Odisha, involving 1.5 lakh spindles. Could you share the current progress of the project and whether it remains on track to commence in Q3 FY27?

Munish Avasthi: Yes. I have shared it actually a couple of times before in this conference, but I'll do it again for somebody who's not there. That project is right now, the construction is of the first phase is complete and the erection of machines is going on. So we expect to start the commercial production in next 30 to 40 days, and we intend to complete the project by March '27. And we expect a revenue of around INR1,200 to INR1,300 crores in next financial year and about INR150 to INR200 crores in this financial year.

Nimesh Verma: Okay. And sir my last question would be trade receivables increased from INR396.2 crores in March 2026 to INR473.5 crores in September. What is driving the increase?

Munish Avasthi: Sorry, what item are you talking about?

Nimesh Verma: Trade receivables.

Munish Avasthi: Sorry?

Nimesh Verma: Trade receivables.

Munish Avasthi: Receivables.

Nimesh Verma: Yeah.

Munish Avasthi: Okay. Receivables have gone up from…

Nimesh Verma: 396.2 crores in March '26 to INR473 in September.

Munish Avasthi: Yeah, because if you see that our turnover in March '26 it was lower and with the increase in total billing and total sales has gone up. You are talking about total debt, right?

Nimesh Verma: Correct.

Munish Avasthi: So total debt has gone up from INR396 in March to INR473 right now, right?

Nimesh Verma: Right.

Munish Avasthi: So this is I think maybe -- I think if you see the number of days, there won't be much difference. I think it's just because our total turnover has gone up and most of our kind of sales are at 120 days credit covered by LC, 120 days LC. So this is because of that. This is all secured by LCs. And I think most of it -- if you see it in number of days, it is the same actually. It is 58 days now and for 58 days as on 31/3/26.

Nimesh Verma: Okay, got it, sir. Thanks a lot for answering the questions.

Moderator: Thank you. The next question is from the line of Krunal Shah from ENAM Holdings. Please proceed.

Krunal Shah: Hi, it is Krunal from ENAM Investments. So my question is regarding the 2 companies, the fabric company and the garment company. That was supposed to be merged. Could you help me understand what the financial performance for the half year for these businesses?

Munish Avasthi: So we have not yet merged those companies. We are working onto make them compliant to merge with us. So I think within next couple of months we intend to -- I think this will happen. And you're talking about the financials of those companies for past 6 months?

Krunal Shah: Yes.

Munish Avasthi: So I think, I can give you a ballpark figure because I don't have it right now. It should be around -- both of the companies put together about INR70-80 crores at about 15% or 18%, and one company should be more. I think about 20% of EBITDA.

Krunal Shah: Okay. So INR70-80 crores each or combined INR70-80 crores, sir?

Munish Avasthi: The combined entity. Combined entity should be about INR80 crores. Actually, some of those, you know, because we have taken a lot of restructuring and re-engineering on those units, so they have not been working at full capacity because before merger we wanted to make them compliant and suitable to supply because we have a lot of nominations and there's a lot of compliance issues. So before merging, so there was a lot of stoppages and all. So, I think from our potential of about INR100 crores, it was down by about INR20 crores because of these stoppages.

Krunal Shah: Okay. Got it. So, and also in terms of the competitive intensity, so we've seen that in the industry, spindle addition was very low before, a lot of spindles were shut. Have you seen, with the spreads

rising, competitors entertaining expansion plans or thinking about adding more spindles in the market in India?

Munish Avasthi: So, actually, there's a lot of consolidation which is happening, because right now if you see around the market, then the margins are very different from different companies. The larger companies who work closely with their brands and their compliance and social environment, GST is a big issue. Then we don't have a lot of competition because it's not very easy to comply. It's very expensive process. So, we see a lot of divergence between different pillars in different parts of the country with the different sizes. And we also see a lot of shutdown of spindles in other countries also.

Krunal Shah: Right.

Munish Avasthi: So we haven't -- if you ask me, there is a lot of modernization happening, but we haven't seen many people raising up their hands and putting up announcing new spindles as of now. But I'm sure it shall come and it will come, because India and the world needs more spindles going forward.

Krunal Shah: Right. Got it. And sir, in terms of our expansion, so our capacity of 150,000 spindles will be ready by the end of this financial year and probably utilize 100% next year. What about FY29 and '30? What is the Phase 2 plan for this Odisha capacity?

Munish Avasthi: So, we have many plans. So, first of all, in Odisha only, we have a land to scale it up by another 3 lakhs spindles after the 750. And looking at our balance sheet and the leverage, we are ready to accept, we shall be doing those projects going forward. And then of course, our future growth which we have planned in garment sector is also something to look forward for us. Maybe not in next 6 months, maybe second half of next year we will be hopefully announcing something on that side also.

Krunal Shah: Okay. Got it. And sir, one last question. Did you mention that the import duty exemption has been exempted till December? I just couldn't hear it properly, sir, just wanted to clarify that?

Munish Avasthi: So, yeah, there have been a lot of -- we don't know that yet, right now, till tomorrow. But there's been lot of discussions with the government and they have assured us that will be extended. And rather, we have been assured that it might be extended even more after that because the need for cotton for Indian companies, for Indian market is increasing because of all these FTAs and Indian positioning right now because of the cost structure in global spinning scenario.

So we expect -- we were always pushing for the government to make it go away. The import duty should not be there. But I think the government is still taking some time, and we expect it to be extended for next 2 to 3 months immediately. And we expect not in a very distinct future it might be exempted altogether.

Krunal Shah: Got it. Thank you, sir. Thanks so much.

Moderator: Thank you. The next question is from the line of Madhur Rathi from Counter Cyclical Investment. Please proceed,

Madhur Rathi: Sir, I missed your margin guidance, sir. Previously we used to guide for 15% EBITDA margin, sir. So, can we sustain this 20% margin that we did in Q2?

Munish Avasthi: So, Madhur ji, I just reiterated, and I will tell you again that we expect the margins in the first half to be -- the margins to sustain or we expect to do on similar lines going forward in the next second half, there and thereabout. And so I cannot tell you whether it will be 19, 18 or 21, but it should be more than -- it should be close to where we are for first 6 months.

Madhur Rathi: Also sir, now that promoter holding is already 75% for the merger of the garment and the fabric entity. Sir, so will the preferentials be issued to the promoters? Because sir, the holding cannot go above 75%, so then is there any other alternative, or basically gesture of goodwill, promoters are thinking for no consideration? Or they will…

Munish Avasthi: So, let me answer this question. So, I think this has been all because that we are -- the mode of payment is going to be the preferential share allotment, which will be non-convertible. Yeah. So, there will be some preferential share, and very minor cash transaction, not exceeding INR25 crores to INR30 crores. So, our holding, because it is already at 75%, so we cannot issue shares and we don't intend to dilute our holding and [inaudible 46:18] holding in the market. So, the only option for us was to go for the preferential share, and that's exactly what we did.

Madhur Rathi: Got it. Sir, just one final question, sir. INR1,000 crores capex in Odisha that is coming live, sir, that revenue of INR1,200 crores INR1,300 crores should come at 4%, 5% incremental margins over what we are doing right now. Is that understanding correct?

Munish Avasthi: So, our margins in Odisha unit will be at least 4% to 5%, or maybe 6% more than whatever we achieve once it is operational. We stick to that guidance, yeah.

Madhur Rathi: Perfect, sir. Sir, thank you so much and all the best.

Munish Avasthi: Sorry?

Madhur Rathi: Thank you.

Moderator: Thank you. The next question is from the line of Chirag Shah from ICICI. Please proceed.

Chirag Shah: Yeah. Hi. Good evening, sir, and congratulations for a great set of numbers. Sir, most of my questions have been answered. I just wanted a clarification. Post the commissioning of the new capex, what would be our peak debt on the balance sheet by March '27?

Munish Avasthi: So, by March '27, we expect our peak debt to be -- the long-term debt to be, you can say, around INR750 crores, maybe less, about INR700 crores. And working capital, we don't expect to be spending more than INR200 crores. So, below $1,000 crores.

Chirag Shah: Okay. And sir, I know it's too early to ask upon, but you might have contemplated that once your new capex comes to a reasonable level of capacity utilization, when will you start to think about the second phase of the capex? Maybe by March, or it will take some more time?

Munish Avasthi: Well, we are already thinking about it, so it's just that we have all the drawing boards and projects which we want to put on our radar. The only thing is, of course, we need to stabilize this plant, and then hopefully, by the next 6 to 8 months, and looking at the cash generation which is happening, that seems like we can pull that trigger whenever we feel comfortable about our debt levels. We don't want to exceed our debt level from where we are for a very long time.

Chirag Shah: Okay. And sir, whenever you plan to go into the second phase, I believe the execution timeline for that capex will be lesser than the time which is used for the first phase. Is that assumption right?

Munish Avasthi: Yeah, it is. I think it will shave almost 2 to 3 months of the time which is required for a greenfield project, because many approvals, and already we will be having a team and established operations there. So, ideally it should take at least 2 to 3 months lesser than what we -- but we did this project in a very fast time, so I think to do it in less time is very challenging, but we expect to do it, and that's our motto.

So, we started this project in, I think, January or February, February 15th, when we started the construction. And I think we'll be finishing the greenfield project in almost one -- the whole project in one year, which we are pretty proud of. And we expect the brownfield, the next phase, to be done in, definitely, lesser period of time.

Chirag Shah: Okay. And sir, my final question on your FY28 numbers. Last call you mentioned that we will be somewhere around INR4,000 crores mark in terms of revenues and margins will be somewhere around 15% to 16%. But given the kind of commentary that you are talking about with sustaining the margins and 400 basis points higher margins on the new phase, then probably you can do 18%, 19% -- maybe someone 17%, 18% kind of margins in FY28 as well with the new capex coming in?

Munish Avasthi: Yeah. It looks like with the -- because we came out of our deep slump from '22 to '25 and so we can't be too aggressive in giving our guidances, but things look good. And if you stay with all the tailwinds there are, so there's only one room for the margins is to go up. So, from our old guidance, the indications are it should be better than that. But we would like to restrict ourselves to that. But I think we can assure 15%, but anything more than that is likely, but not guaranteed.

Chirag Shah: Sure, sir. So, that's all from my side, and all the best for the future.

Munish Avasthi: Thank you.

Moderator: Thank you. The next question is from the line of Pahal Sharma from DD Capital. Please proceed. As there is no response, I'm taking the next question from the line of Mahesh Atal from Dhairya Investment. Please proceed.

Mahesh Atal: I just wanted to understand from your lens about the availability and the pricing of cotton in the imported market. If you could throw some light from your lens, how do you see that maybe for the rest of this year and for the balance till the next crop comes in, how do you see that? Do you still feel that the 55,000, 56,000 can be sustainable in the international market?

Munish Avasthi: See, right now, this is the harvest time. When the Brazilian, U.S., Indian, Pakistan, all these crops are coming. So, we expect this pressure to continue for next 2 to 3 months. And then, usually what happens is that the cotton is cornered by some traders and all that stuff. So, it starts, and this is something which happens every year.

So, we expect the prices to start strengthening in the later part of the year, but we expect the prices to -- again, because the farmers have been getting good prices this year because the prices have gone up by 15% to 20% from where they were last year. And so there's a lot of interest in growing more cotton next year. And this year was also plagued by some droughts in India, USA, and Pakistan.

And luckily we had a good crop out of Brazil which helped in stabilizing the prices and not making them run away too much. So, we expect Brazil to keep on expanding their production, because it's very profitable for them to grow more cotton. And we expect the USA also to grow more cotton next year. So, we expect the prices to stay here and maybe come down a little in the next 3, 4 months and then tighten a little bit, and then again start coming down as we enter the next cotton year.

Mahesh Atal: So, my question was more around, let's say I want my 70% of my procurement to be done from the international market, will I be able to do that? Will the availability be there?

Munish Avasthi: Of course, I can procure 700% of my cotton if I want. So, that's not a problem because India imports about 70-lakh bales a year and there is a lot of cotton which is traded on foreign groups which are traded. So, Brazil alone exports around you can say around 150-lakh bales. And then USA does export more than 150-lakh bales. So there lot of bales too be had when there is West African, then there is Turkish. There's no dearth to get cotton if you wanted some international markets.

Mahesh Atal: Great. Thanks a lot, sir. All the best.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Thank you.

Munish Avasthi: Thank you so much. Thank you everyone to participate in this conference. And I wish all of you a very happy Diwali, and see you next year.

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