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Corporate Relationship Dept. - CRD
Bombay Stock Exchange Limited
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Dalal Street
MUMBAI - 400 001.

Respected Sir/ Madam,

Sub: Transcript of the Investor / Analyst Meet.

Ref : Our SCRIP CODE: **532893**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the transcript of the virtual meet held on June 08, 2026, Earnings Conc Call, organized by Finportal Investments Private Limited.

The above information will also be made available on company's website at www.vtmill.com

Kindly take the same on record and acknowledge the receipt of the same.

Thanking you

Yours truly

For VTM LIMITED

K. PREYATHARSHINE
Company Secretary
M.No: A58314

VTM LIMITED
VTM Chairman Office
MADURAI

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K Thiagarajan: So, good morning, everybody. We will, start the investors' call for VTM Limited. So, I'm sure that most of you have been following the company's results in the last couple of quarters. And, we would like to tell you that, the positive thing here is that the business, has remained intact, and it has marginally grown from the previous quarters. But for March 31st, year-ended 25-26. The revenue growth has been 8%, and profit after tax has come to 11 crores. It has shrunk by about 75% year-on-year, previous year. This has mainly been due to, two or three aspects. Aspect number one is the tariff discounts which the company had to give to the US customer in order to keep the business intact and to also grow the business marginally. The hit that was taken on the tariff front is about 20 crores. And this was the, impact of the U.S. tariffs, where we had to give about 18% discount on the goods sold to the customer in the US, and in volume terms, that translates to 20 CR. And there were also some other discounts in terms of chargeback, which account to about 8 crores. And, there has also been a provisioning for the gratuity computation. That is with the new labor code invoke, companies on 31st of March have to reinstate their gratuity computation, because the basic pay of employees is now becoming 50%. It was much lower earlier. So there had to be a provisioning that had to be done in the book, so that is why you see there is a raise in the HR line item also. And, apart from this, there has also been a mark-to-market loss of about 2.3 crores. And this has come because the company had availed some Foreign currency convertible loans. the PCFC loan, as they're called, and we had availed, you know, this loan continuously over the past one year, where the average rupee dollar has been about 91, 92. And in the recent past, with rupees depreciation We have taken a balance sheet hit of about 2.3 crores. So, all this adds up, and, you know, that is why you see that there is a dip in the profit after tax. Apart from this, raw material prices have also gone up 15% because of the war. Overall, New York cotton futures have jumped up to 78 cents. From about 70 cents, 69 cents earlier. So, domestic cotton and imported cotton became more expensive, and the raw material, which is greige fabric and cotton yarn, went up by 15%. So, with all this, you know, items which I told about the tariff discount, the other discount which we had given for some claims, and also the MTM loss. If, that would be prevented. All this was normalized.as per the last year, then we could have attained a profit before tax of 32 crores. So this is the main reason why PAT has shrunk. And, exceptional items, as I told you, were Forex loss and the gratuity computation. The company had about 162 crores worth of greige sales, and about 192 crores of made-up sales in the last year. And, made-ups are higher than the, greige sales. We also had issued a bonus the previous financial year 2.5 shares to 1 share And the payout for that year, the dividend has been paid out in this financial year. And, that is what is reflecting in the balance sheet. The inventory turnover days has been 122 days, and this has not gone up alarmingly, it has, you know, stayed where it is. And, overall, I think in the current financial year, you may see better traction. With more clarity on certain product mixes, and we have also additionally installed some looms this year, which will all come into production during, you know, Q1, Q2. So. there is a good chance that this year we may be able to get back our feet and improve profitability. And we are also in the process of exploring other new markets. You know, markets like Japan, Europe, UK, Australia, where the FTAs are now in place. So, there would be a good amount of de-risking from the US, which would also give the company much better visibility, and also focus more on the

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bottom line. We would now request the investors to, yeah, before that, I would request our CFO, Mr. Senthil, to address all of you.

P Senthil Kumar: Good morning, all. Welcome to VTM's earning call meeting. So, you know, so we reviewed our financial performance, what we published in the public forum. Our turnover has marginally improved, despite of geopolitical issues and uncertain economic conditions, global economic conditions. So we, though we are able to retain our, top line by introducing the different mix and, by exploring new markets, we are unable to keep up the margin because of the various economic conditions and margin pressure, which our managing director explained recently. The thing is that, operationally, we have improved, our efficiency has improved, cost cutting measures have improved. But, at the same time, economic uncertainties under the geopolitical issues led to us, the cost inflation, inflation with respect to bleaching and other job work charges and freight charges, Other fuel-related expenses. So, we are having a very good order backlog of 6.5 million as on 31st May, and we hope that, our sales trend will continue with the expected increase in the turnover of 10-15 percentage. But definitely, given the situation, the global, geopolitical situations improve under the normalcy is back with respect to the U.S. tariff conditions. Definitely the company will, see a better profitability and a very good growth. We welcome your, questions and other points from you. Thank you.

Finportal: Thank you to the management team for the insightful overview. We will move on to the Q&A sessions. Participants who wish to ask a question may either unmute themselves when called upon, or type their question in the Zoom Q&A box, and I will read it out on your behalf. To ensure we accommodate as many queries as possible, we request each participant to limit themselves to two questions at a time. Before rejoining the queue, if needed. First question is from Mr. Keshav Garg

KESHAV GARG: Sir, I hope my voice is audible.

K Thiagarajan: Yeah, we can hear you.

KESHAV GARG: So, so, can we expect the operating margin for FY27 to go back to FY25 levels of roughly 19% EBITDA?

P Senthil Kumar: It is a bit uncertain, because in the 2025, what we achieved is, something phenomenal, achievement. But given the uncertainties, what we have discussed now, we hope to have a better margin than the current year. Current year, we achieved a 7.43 percentage. We are targeting to achieve 10-11 percentage.

KESHAV GARG: Okay, so that 19% margin is not a sustainable margin, it's a one-off margin, and 10-12% is a realistic, sustainable margin going ahead.

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K Thiagarajan: Yeah. Yes.

KESHAV GARG: Okay, sir, understood.

K Thiagarajan: There's 19% EBITDA, Keshav, you should understand that the macro scenario then was pre-tariff regime. And now we are in the post-tariff period. So, this is what has really, you know, affected the company and also shrunk the EBITDA margin. So, looking at, you know, with the current scenario in place with the, you know, tariffs and the trade deal about to be signed up. I think, 19% may, you know, be slightly, audacious goal, but definitely, I think we'll have to look at these numbers, you know, post-tariff era.

KESHAV GARG: Understood, sir, and as far as the top line is concerned, sir, what is the expectation for this year? And I understand we were in the midst of some capex, so post that, firstly, when that capex will get over, and post-CAPEX, what will be our peak revenue generating possibility in a year?

K Thiagarajan: No, Capex is over this year, so in the current financial year, we aim to have about 12% to 14% increase in top line.

KESHAV GARG: Understood, sir. And going forward, is there any further capex?

K Thiagarajan: Not in the current financial year.

KESHAV GARG: So, is our peak, capacity, in terms of revenue generating potential, what is that number?

K Thiagarajan: You mean, the sales number?

KESHAV GARG: Yes, if we operate at full capacity utilization in 3 shifts across all our facilities, then how much revenue can we generate?

K Thiagarajan: See, you'll have to look at this as two pieces. One is the home textiles, which is the cut-and-sew operation, and the other piece is the greige fabrics. So, Greige Fabrics generally runs at about 80-83% utilization. Because there are often turnarounds and things like that, because we do smaller order quantities with higher margins. So, there are two pieces to this. So overall, I think the company is now, operating at an efficiency of about 80%. And, this will remain where it is, because, there are two operations which are completely, you know, not interconnected.

KESHAV GARG: Sir, so, we are already at 80% utilization, but in March quarter, we did 110 crores, whereas in March, 25 quarter. We did 109 crore revenue. So, even after completing capex

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in between, the past 1 year, still, it seems that our top line has not . is not going up much despite the Capex.

K Thiagarajan: Okay, Capex will come into full-fledged operation only in the current financial year. The investments made in the last financial year have started, you know, coming into full play only in this current financial year.

KESHAV GARG: Sir, so that's what I'm asking, that what revenue can be generated if we operate at full capacity utilization is a simple question.

K Thiagarajan: If it is operating at full capacity, which is at 80%, as I explained to you, the greige fabrics, you know, does not operate at 100%, The, top-line growth this year, we're expecting about, you know, 12% will be the top-line growth. And there is also an outsourcing which is happening in the home textiles, so that is the . that is what is attributing to your, you know, question, that we are outsourcing certain bits of the operation.

KESHAV GARG: So, basically, after reaching 420 crore or so revenue, which is 12-14% growth from last year's base of 372 crore, will we, by at large, hit our peak utilization at 420 crore?

K Thiagarajan: Yes, we would, we would.

KESHAV GARG: Okay, sir, understood.

K Thiagarajan: We would, but you also have to keep in mind that outsourcing, if the outsourcing increases, Certain products which we feel are commodity items hereafter, which can be outsourced at a better, you know, pricing. Then the, the outsourcing volume also may increase, and that will also add to the top line.

KESHAV GARG: Understood, sir. Thank you very much.

K Thiagarajan: Thank you.

Finportal: Next question is from Mr. Madhur Rathi.

Madhur Rathi: Sir, thank you for the opportunity. Sir, just, I wanted to understand, we did a capex of 25 crores this year. And, like, just doing a pro rata, it would mean that we are doing an asset turnover of 2 times on our incremental .investments or capex that we are doing. So, is that understanding correct, or .Are we understating our revenue potential of our current assets period? So, can we do . so .Based on my understanding, we can do a 500-600 crore revenue based on our current asset period. Is that, are we understating the 400, 420 level numbers?

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K Thiagarajan: We are being a little conservative on that front. But we're definitely not understating here, but we are being conservative on the numbers. There is good potential for a run rate of 500 to 600 CR. If we get the right product mix, and if all the, you know, outsourcing, capacities are also fully utilized, and everything goes well with a higher, you know, price realization, with, you know, better, higher quality products and all that, then definitely 500 to 600 CR is something that is, possible, and You know, maybe this year, or in next financial year.

Madhur Rathi: Got it. Now, sir, coming out to our margin, sir, what will it require for us to reach the 15% plus EBITDA margin? Because, tariff issue should subside maybe in next few quarters, so what will it require for us to reach that 15% plus EBITDA margins?

K Thiagarajan: As I told you, we'll have to go for, you know, diversified markets and de-risk from the US. And start having volume growth in other markets. And the company is also looking at, entering the domestic market. So, all this will, kind of be de-risk from the, entire dependency on, on US for home textile.

Madhur Rathi: Sir, so, if I look at our main . one of our major customers, Quince ,
so one quarter, we might have taken the hit, but sir, we are carrying the inventory for them as well, and we are taking the hit on our books as well. So, so these are, like. Sir, our position is not favorable in these, business dealings, I understand, because we are carrying the inventory for our customers, but we are also taking the hit and giving them discounts. So, have we negotiated with them for a better price or lower discounts going forward? Because, yeah, because, sir, then our inventory turnover would not be very much, because we are carrying an inventory of 150 crore on a 370-crore revenue. That is, like, 2.5 times.

K Thiagarajan: Yeah, so we have spoken to the customer, we've had long calls with the CEO also, and in fact, in one or two products, we have got a slight increase in price. Which will definitely, you know, start reflecting in our, you know, balance sheet from this quarter onwards.

Madhur Rathi: Okay.

K Thiagarajan: And we have also, hired a good industrial engineering consultant.
And we are also revamping some of our lines. So the point that you made on the stock turnovers. Stock turnaround will be addressed with better lean principles in place, and also reducing the inventory at any given point of time.

Madhur Rathi: Okay, got it. Now, sir, there are two related party, parties of us, Pacific Cotton, sir. So, what is the business of Pacific Cotton, and how so, is it that, VTM sells to, Pacific Cotton, and Pacific Cotton then sells to the end customer, so if you could help us understand how much,

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commission do we give to this entity? And sir, another, one of our entities, Thiagarajar Mills. Sir, our, payable days are very low versus if I look at any competitor in terms of, yarn producers in India, because, are, like, it's like, we . on a 30, 35 crore revenue, we did only a 1 lakh rupee, payable days for that. So, if you could help us understand, why is there so . why the terms of trade are so poor for VTM versus these group companies?

K Thiagarajan: Let me answer the second question first, with regard to, you know, supplier payments. Both our companies are, you know, cash rich And, we have always had this, policy that we will, you know, pay our vendors as quickly as possible. So, it is generally between 45 and 60 days. All our vendors are paid off. And this has been the principle not only for VTM, but also for the group company, Thiagarajar mills. So this is not only the payments which are, you know, going very well in advance to . it's not advanced, actually, but it is, as you said, it gets paid within 30 to 45 days. That is the same principle which we use for all the other yarn suppliers also. It is not because that it is a, you know, group company payments are being made there quite early, and the other, you know, vendors are being paid in a delayed manner. That's not the case. We believe that vendors, you know, have to be paid on time. And, you also know that the MSME Act, which has been revised last year. If you don't pay your vendors within 45 days, you know, MSME nature, then that'll be taken as deemed income in your, you know, books of accounts, and you'll be taxed. So, the company is using the principle of good governance to pay our vendors within 45 days. The other question regarding Pacifici cotton will be answered by our director, Mrs. Visalakshi

Visalakshi Kannan: Good morning, this is Visalakshi, Director of VTM. So, Pacific Cotton, to answer your question, is a completely separate US-based entity, so it doesn't actually have any corporate . any relationship to VTM as such. Pacific Cotton is the entity in the US where we do some of the more basic, everyday essentials and the . the lower value, Amazon brand and some of the more, basic items there. It's . it's a much smaller entity compared to VTM

Finportal: Yes, thank you. I would request the participants to limit their questions to two, and join back the queue. So, the next question is from Mr. Rohit Balakrishna.

Rohit Balakrishnan: Yeah, hello?

K Thiagarajan: Yes, yes, good morning

Rohit Balakrishnan: Yeah, hi, good morning, sir. So, sir, just can you talk a bit about, the new customers that you've been, sort of, trying to get? I think in the last AGM, you were quite hopeful of getting something in the UK. Given the FTA was signed. So, anything that you would like to share on that front. And second question was, sir, on this, tariff. So, I mean . I mean, looking at some of the other companies across industries. Whether it is in textile or in some of the other industries also, I mean .Now that the tariffs have been quashed as such by the Supreme Court in

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the US, the I mean, the discounting has ended. So, for us, that is not the case. So, I mean, I mean, I . I mean, there are many examples that one can share. It's in public domain, so, I mean, what is the reason that we are not able to, sort of Get back these types of discounts? Because it's a substantial amount, as you can sort of see.

Visalakshi Kannan: Yeah, I think, post-tariff, the customer has become a lot more price sensitive, so that is the reason why, you know, this discount has remained. Also, keep in mind, we've had sort of these two exogenous shocks, one after the other. We've had the tariff, and just as that was .tending towards normalization around February, then we had the war, and then we had the oil price increase as well. So that also plays a role here. As far as the discount is concerned, the negotiations are going on right now.

Finportal: Okay. The next question is from Mr. Rajit Setiya.

Rajat Setiya: Hi, thanks for the opportunity. Just one question about the tariffs, related discounting that we are doing. So, the discount number in terms of the percentage discount that we must be giving to our clients, has that remained exactly the same, or .How is it?

P Senthil Kumar: Yeah. See, as you are aware, we had faced the 18% tariff. One point of time, it increased to 45% kind of thing.

Rajat Setiya: Right.

P Senthil Kumar: But what has happened is that finally it got settled down on the 18. To retain our, market share and to continuity in the business, with the same growth rate, We have offered a kind of discount, shared the . rather, shared the tax burden with the customer, which is approximately 10% for the whole year.

Rajat Setiya: Okay.

P Senthil Kumar: Yeah, approximately, we are in the negotiation with our customer, with introducing new margin, new product mix kind of thing, and reducing the our tax burden.

Rajat Setiya: Sure, basically, we, we shared some burden with them, and now that is continuing as is, without any change, but we are trying to bring it down.

P Senthil Kumar: Correct, yep.

Rajat Setiya: Okay, okay, and I assume this is largely a US-related issue?

P Senthil Kumar: You are right. You are right.

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Visalakshi Kannan: Yeah, that's where the tariff burden was, no?

Rajat Setiya: Right, right. And, what was the sales, for the year, outside US, for the made-ups?

P Senthil Kumar: It is, it is a kind of, approximately 10% of our total export volume. We can say some,16 to 17 crores, we've done it to other countries.

Rajat Setiya: And this is the made-up sales, right? Not the greige sales.

P Senthil Kumar: Yep. Yes.

Rajat Setiya: Okay, okay. And do you see this number, over the next 2-3 years, going beyond 40-50CR, or how do you . how should we assume the kind of growth it .That can happen here, in this part of the business.

P Senthil Kumar: See, as explained by our director, we are exploring new markets.

Rajat Setiya: Right.

P Senthil Kumar: especially UK .other Southeast Asian nations, Europe kind of thing.

Visalakshi Kannan: Yeah, I think with this tariff experience, the geographical diversification has become important to us. So that is something that we are working on, like Mr.Hari also said, with the free trade agreements now coming with the UK, Australia, so .we absolutely want to expand that customer basket, but if you look at the global . and I speak only for home textiles, if you look at the home textiles business as a whole, the US still remains Very, very large market.

Finportal: Okay? I would request the participants to limit their questions to two, and can join back the queue again. The next question is from Mr. Dheeraj.

DHEERAJ KUMAR REDDY DOSAKAYALA: Hello, ma'am, am I audible? Hello?

P Senthil Kumar: Yeah, yeah.

DHEERAJ KUMAR REDDY DOSAKAYALA: Yeah, ma'am, can you just, actually bifurcate, like, why is this 7%? I think the margin structure, like, what exactly is happening? Can you just bifurcate it for us? I mean, how much is greige fabric, and how much is the margin today? How much is home textiles, and how the margins have been slashed? Can you just walk us through this margin structure once, please?

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P Senthil Kumar: See, the fabric market, which is our traditional business, always earns a kind of 7-9 percentage. But what is the growth we have seen in the EBITDA in the past two years is the . because of the Home Textile division's margin. So, even now, the impact, when compared to the previous year, margin and current year was at 7.45 EBITDA, is mainly attributing to the home textile division's, margin shrinking, okay? The main reason is that, our realization price has been dropped due to the, U.S. tariff kind of thing. That amount to some 20 crore rupees, approximately 20 crore rupees, so that had a hit. That is the main reason, for the drop in the EBITDA. Apart from that, there are two small elements to the thing, which has been already identified, indicated by our chairman & managing director. One is the, Salary cost. Gratuity and other settlement thing, we have implemented the new core, as per the government's provision, Compliance part. That translates to some, 41 lakhs, increase in the cost. Second is that we have settled the old PF dispute that translate to some 32 lakhs. Earlier, it was shown as a contingent liability, till previous year. Out of that, we have won the case, and we have settled the amount to the PF authorities. So, these two things, under predominantly, the major thing is that, US tariff, issues. Because of that only, we have to forego our EBITDA.

Finportal: Next question is from Mr. Keshav Garg.

KESHAV GARG: Sir, are we exporting on FOB basis or CIF basis? Basically, the export shipping cost is on us or is on the customer?

K Thiagarajan: For the home textile it's FOB. Yeah, for the home textile, it's FOB.
And for the greige fabrics, it's CIF

KESHAV GARG: Okay. And sir, out of the total revenue of around 372 crore that we did last year, how much came from home textile, and how much came from greige fabrics?

P Senthil Kumar: 190 crores came from Home Textile sales. Hello? Is it 190 crores came from the 1%, yeah?

K Thiagarajan: About 52% came from home textiles, and the remaining from greige.

Finportal: The next question is for Mr. Mahesh Attal.

Mahesh Attal: Hi sir, sorry I've joined a little late if I'm asking a question again, so please, bear with me. Sir, the home textiles division, I guess, was now, with the tariff gone. I think it was out somewhere in Feb, and the March month was somewhere where there was no tariff. But the margins do not reflect the position. And if you see in your note that you have given, you have said that the discounts that you have given in Q4 was somewhere around 2.5 crore. Even if I add that to our, say, the cash flow, that does not give me the right EBITDA that we were having. Say,

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FY25. So, what went wrong with Quince? What are we talking with Quince? And how exactly do you see this thing going up in the first half and second half of this year?

Visalakshi Kannan: We addressed this already, so I'll keep it very brief. So, we had given a discount of 18%, in light of the tariffs to help out, so that we can have continuity of business. And you're right, tariffs went away in February, but these discounts still remain in place, so that is a negotiation that is still going on. What is the present price point is 10%, and the discount is 18.

P Senthil Kumar: Yeah, see, though in the month of February, we had a tariff gone 18%, present is 10%, so it has not gone completely. Moreover, what are all the sales we have done to Quince, which are on the pipeline, that will attract the earlier tariffs? This is as per the business thing. This is to address your, question on tariff. Second thing you are mentioning about the 2.5 crore, can you please explain what is the 2.5 crore note we have given? That is towards the PCFC? Interest rate, right? That is the.

Mahesh Attal: No, that is . that is the discount that you have given to the customer under the home textile division.

Mahesh Attal: In the Q4 note, you have given something. In the Q4 financials. Anyways, you can, that's okay. But I'm just wondering, like, see, any tariff bearing for all other companies has been that customer has taken something on its books, and then you have taken something on your books. I'm failing to understand that, if, if this is the thing that the . again, the . I mean, obviously, our major customer is Quince, so I would be talking more on their terms. So, if they are not able to, you know, come back to the same position. And they are not ready to take . what is exactly happening? I mean, I'm failing to understand this. Do you really think that they are not going to go back to the previous pricing? Or is it that it would be difficult now to go back to the previous pricing? How exactly should we look at this?

Visalakshi Kannan: We can't speak for .anybody else, but again, this was, addressed before, so I'll keep it brief, but the 18% discount remains in place still, because the customer is a lot more price sensitive now, after the . in the post-tariff era, but like we said. Negotiations on this are going on currently.

Finportal: Next question is from Mr. Rohit Balakrishnan

Rohit Balakrishnan: Yeah, hi. I had asked two questions, actually. So, the other question was on the, customer . new customer addition from UK, I think, which we had . were quite hopeful, in the last AGM, given the FTA. So, maybe you can . if you can just share a bit on that. And typically, like, how much time does it take to onboard a new customer, given that we're looking at other geographies also?

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Visalakshi Kannan: In home textiles, to onboard a new customer typically takes approximately one year, so that process is in full swing for the UK, Europe, Middle East, Japan. and Australia as well. So, these efforts, we are hoping, will bear fruit in about 2 or 3 quarters.

Finportal: Next question we have is from Mr. Rajat Setiya

Rajat Setiya: Yeah, thanks once again. One question was about the business that we are doing with Quince. Earlier, the business was growing at a very fast pace, I guess. The volume growth was pretty high. How is . how is . how is the current rate, or what are . what is . I mean, what was that number for, let's say, last year, and what's the expectation for this year?

P Senthil Kumar: Growth trend? Yeah. The growth trend, per say for the volume, we have achieved some 15% last year. This year, the trend will be, like, a 15-20 percentage, based on the current order we are having in our hand. The numbers are already, I have disclosed that, roughly 6 million . 6 million orders we are having.

Rajat Setiya: Okay.

P Senthil Kumar: The point is, this will not exactly get translated into your sales turnover.

Rajat Setiya: Okay.

P Senthil Kumar: Due to the other issues, what we have discussed, like, sales price realisation drop, and also coupled with other geopolitical issues, macro conditions.

Rajat Setiya: Sure. One more thing, a little to the same, Quince's business. Because of tariffs and all, have we, have we been able to maintain our wallet share with them, or has that changed?

P Senthil Kumar: No, we've been maintaining, right? We are maintaining, and we also achieved, last year, 15% growth. Volume growth we have achieved.

Finportal: Next question is from Mr. Dheeraj.

K Thiagarajan: You're muted, Dheeraj.

DHEERAJ KUMAR REDDY DOSAKAYALA: hello? Yeah. Sir, I just wanted to understand if Quince is growing by 100% year-on-year, but whereas we are only growing by 15%, what is . what is stopping us not to grow along with them on these growth rates? And secondly, sir, on a very low pace, like, why are we not achieving to grow at 30-40%? Because our com .

Visalakshi Kannan: Okay, so . You know, this is .

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DHEERAJ KUMAR REDDY DOSAKAYALA: 30-40%. And my last one, why is Pacific Cotton outside this entity? Because it doesn't reflect a good corporate structure for a lot of investors.

Visalakshi Kannan: Pacific Cotton is a . is a very .small brand based out of the US. And when it comes to your question about growth, you know, like we said, this is a . it's been an extraordinary year with tariffs and oil price increase. There's a lot of . been a lot of inflation in our input costs as well, so that is also one of the reasons. And your first question was, why are we not matching the growth of quince? We are by no means a proxy for Quince. We are a greige fabric manufacturer as well, so our product mix is .Very different, so our growth trajectory, therefore, will be different.

Finportal: Next question is from Mr. Madhur Rathi.

Madhur Rathi: Thank you for the opportunity once again. So, if I look at our current business . so, whatever new business that is coming with coins or any customer in whom textile, is it coming at a better margin than it was earlier? So, and the new margins would be much better than, the current ones, is that understanding, correct?

Visalakshi Kannan: There is a mix here, so the value-added items, top-of-bed items, the more design-forward items are coming at a higher margin, whereas the more commoditized items are coming at a lower margin.

Madhur Rathi: So, if I were to bifurcate whatever 192 crore revenue that we did in home textiles or made-ups. How much would be value-added, and how much would be, lower commoditized products?

Visalakshi Kannan: Last year, it was approximately 50% of commodity.

Finportal: Next question is from Mr. Keshav.

KESHAV GARG: Madam, if I understood correctly, the 18% tariff . I mean, even though the US is charging a 10% tariff as of today, but we are basically still passing on the 18% discount to our customer. Is that understanding, correct?

Visalakshi Kannan: Yes, that is correct, and the 18% discount happened when the tariff was . when our goods were being tariffed between 50% and 60%.Okay, so in order to share that burden with the customer, we had extended the 18%, and yes, you're right, the tariffs have now come down to 10%, and our discount still remains at 18, and like I said, we are trying to negotiate that down as we speak.

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Finportal: Next question we have is from Mr. Madhur Rathi.

Madhur Rathi: Yes, thank you for the opportunity once again. So, if I look at our . between our Q3 and Q4 .Numbers. the sales, discounting that we, based on the . for the whatever US tariffs, was 13 crores, 13.7 crores in Q3, and it was only 2.3 crores in Q4. So, even why . because of that, why are margins .On a similar line, and even our gross margins similar.

P Senthil Kumar: Our performance for Q4 is similar to the Q3 margins. Sales is 10% up. Correspondingly, we would have got the, operating profit, as well as that PAT, similar to the Q3, but .Today, here it is, we could not achieve the same thing, and we have got a roughly 1 crore, PAT And, after considering the OCI, the total comprehensive income is 2.32 crore. There are, main, main reasons for a this, that .We have borrowed PCFC loans to meet our working capital, funding. So, as per the requirement of IndAS, we have to disclose the profit or loss on the Forex transaction. So, we have restated the, borrowing in the PCFC, which is roughly around some 64 crores.

Madhur Rathi: 35% levels, these are .

P Senthil Kumar: Voice is breaking. Can you come again? Repeat?

Madhur Rathi: Yes, sir. So, so, if I were to look at our gross margins, our gross margins are similar.

P Senthil Kumar: Exactly.

Madhur Rathi: In Q4, they have changed .But the discounting that we give to our customers went from 13.7 crores in Q3 to 2.33 crores in Q4. So that is a very big jump. So why is it not reflecting in our gross margin? That is my question.

P Senthil Kumar: Gross margin . gross margin, there is no change, right? It remains same.
If you see, profit before tax, 4.87 crore in Q3, and it is 4.1 crore in Q4. There is a marginal drop of some 70 lakhs. That is because of, adding some strategy costs, like, roping in some consultants, and expenses. We discussed, right, that PF old case has been closed. Some 62 lakh Canadian liability, which reported . which was reported till last year. We have, got a favorable order, and we paid a 32 crore . 32 lakhs, sorry. That 32 lakhs have a hit in that, PBT, right? So, which is part of my employee cost.

Finportal: Okay, so we have a few questions in the Q&A box, sir. So, based on the investments being made in venturing to other countries internationally, what is the expected increase in

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revenue beyond the low to mid-term growth projected from current products and the markets? And what is the revenue mix by geography being targeted, say, by 2030?

P Senthil Kumar: considering the present . volatile conditions, it'll be too early to give a projection.

K Thiagarajan: I think it's, it's still in an embryonic stage, and there's work under progress. So, I think there'll be clarity over the next two quarters.

Finportal: So, what is the reason for inventory increase from 150 to crores, from 92 crores, despite projecting modest growth of 10-12%?

K Thiagarajan: 92 crores to 150 crores. So, our business model is as such, where you're expected to, have, inventory of certain items. And as I already told you, we are now. Improving our, lean management, area. And, we are going more just in time. We have a core team of industrial engineers who are putting things in place. So, we wish to, be aimed to come back to the previous year's levels in the next two quarters.

Finportal: Okay, the last question we have is, what is the export incentive percent on our exports?

P Senthil Kumar: See, we have a couple of benefits, like duty drawback and Rodtep. All put together, we are getting a benefit of 4.5%.

Finportal: Okay, so as all the queries have been answered, I would like to hand the conference over to the management for the closing comments. Thank you, and over to you, Sir

K Thiagarajan: So. Thank you for your presence in today's call, and as we, you know, told you that the last year has been quite challenging with the tariffs, and the company definitely will have more clarity in the coming years on the way forward. diversification of other markets and de-risking ourselves from the U.S. will also give us better clarity. And, we thank you for, having faith and confidence in the company, and, you know, look forward to seeing you, in a better footing soon.

Finportal: Thank you. On behalf of VTM Limited and the management team, we thank all the participants for joining today's earning call. A replay will be made available on the investors' websites, and you may now disconnect your lines. Thank you, and have a great morning.

K Thiagarajan: Thank you,

P Senthil Kumar: Thank you.

Visalakshi Kannan: Thank you.

For VTM LIMITED

K. PREYATHARSHINE
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