NITIN SPINNERS LTD.

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NITIN

REF: NSL/SG/2025-26/
Date : 06.02.2026

BSE Ltd.
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Company Code – 532698

National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
BandraKurla Complex,
Bandra (E),
Mumbai – 400 051.
Company ID - NITINSPIN

Sub. : Transcript of Analyst/Investor Earnings Call held on 03.02.2026

Dear Sir/Madam,

Pursuant to regulations 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached transcript of the Company's Analyst/ investor Call held on February 03, 2026 on Operational and Financial Performance of the Company for the Quarter and Nine Months ended 31st December, 2025. The same is also available on the website of the Company i.e. www.nitinspinners.com.

Thanking you,
Yours faithfully,
For- Nitin Spinners Ltd.

SUDHIR KUMAR GARG
Digitally signed by SUDHIR KUMAR GARG
Date: 2026.02.06 18:14:12 +05'30'

(Sudhir Garg)
Company Secretary & VP (Legal)
M.No. ACS 9684

"Nitin Spinners Limited

Q3 FY '26 Post Results Conference Call"

February 03, 2026

"E&OE - This transcript is edited for factual errors and readability. In case of discrepancy, the audio recordings uploaded on the stock exchange on 03/02/2026 will prevail."

MANAGEMENT: **MR. DINESH NOLKHA – PROMOTER, CHAIRMAN AND MANAGING DIRECTOR – NITIN SPINNERS LIMITED**
MR. NITIN NOLAKHA – PROMOTER AND MANAGING DIRECTOR – NITIN SPINNERS LIMITED
MR. P. MAHESHWARI – CHIEF FINANCIAL OFFICER – NITIN SPINNERS LIMITED

MODERATOR: **MR. AWANISH CHANDRA – SMIFS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Nitin Spinners Limited Q3 FY '26 Post Results Conference Call hosted by SMIFS Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Awanish Chandra from SMIFS Limited. Thank you, and over to you, sir.

Awanish Chandra: Thanks a lot, Bhumi, and thank you very much, everyone, for joining this call. On behalf of SMIFS Limited, I welcome you all to third quarter and 9-month FY '26 Earnings Conference Call of Nitin Spinners Limited.

We are pleased to host the top management of the company. Today, we have with us Mr. Dinesh Nolkha, Promoter, Chairman and Managing Director of the company; Mr. Nitin Nolakha, Managing Director of the company; and Mr. P. Maheshwari, Chief Financial Officer. We will start the call with initial commentary on the results, and then we will open the floor for question and answers.

Now I will hand over the call to Mr. P. Maheshwari, CFO of the company. Over to you, Maheshwari, sir.

P. Maheshwari: Thank you, Awanishji. Good afternoon, and a warm welcome to all the participants to this Q3 and 9 months FY '26 earnings call of Nitin Spinners Limited. I hope you have had a chance to go through the Financial Results and Investor Presentation available on the company's website and Stock Exchanges. I will start with a brief overview on the operational and financial performance for the quarter and 9 months. Post that, our CMD, Shri Dinesh Nolkhaji, will give you an overview of industry and business scenario.

Coming to our financial and operational performance. Revenue for Q3 FY '26 stood at INR800.68 crores against INR760.08 crores during Q2 FY '26. That is an increase of 5.3% quarter-on-quarter basis, primarily driven by stable demand and higher sales volumes. On year-to-year basis, revenue declined by 4.5% from INR838.87 crores in Q3 FY '25 to INR800.68 crores in Q3 FY '26 due to weaker demand and reduced selling prices. Revenue for 9 months ended 31st December 2025 is INR2,354 crores against last year same period revenue of INR2,464 crores.

EBITDA for the quarter stood at INR111.54 crores as compared to INR99.56 crores in Q2 FY '26 and INR117.16 crores in Q3 FY '25. EBITDA for 9 months ended 31st December 2025 is INR322.35 crores against INR351.11 crores in same period last year. The EBITDA margin for current quarter stood at 13.93% against Q2 FY '26 margin of 13.10% and Q3 FY '25 margins of 13.97%.

Profit after tax for the quarter stood at INR44.41 crores against INR34.78 crores in Q2 FY '26 and INR44.78 crores in Q3 FY '25. That is an increase of 27.7% on a quarter-on-quarter basis, while 0.8% down year-on-year. Profit after tax for 9 months ended 31st December 2025 is

INR120.18 crores against last year's PAT of INR129.06 crores in the same period. EPS for the quarter is INR7.90 and cumulative for 9 months is INR21.38 per share.

Cash EPS for the quarter is INR14.53 and for 9 months is INR41.19 per share. In terms of revenue mix, export contributed nearly 61% of revenue and domestic market 39%. On the operational front, the spinning capacity is running over 98% utilization, and woven fabric is operating at over 90% utilization.

That is all from my side. I now request Shri Dineshji to share his insights about the industry and business scenario. Thank you, and over to Shri Dineshji.

Dinesh Nolkha: Thank you, Maheshwariji. Good afternoon, everyone. The first half of FY '26 was a challenging phase for the textile industry as a whole, primarily due to uncertainties around U.S. tariffs. These pressures persisted into third quarter with the industry continuing to face tariff-related headwinds and global trade uncertainties However, modest recovery was visible in demand.India's export of cotton yarn and fabric remains subdued on a year-on-year basis. As far as cotton is concerned, the cotton prices were favorable during the quarter due to temporary removal of import duty by the government. Now it has again started regaining its earlier trend of trading at a premium than the international cotton prices. Going forward, we expect stable raw material prices.

During the quarter, yarn prices have marginally declined in tandem with the reduced cotton prices. However, we expect the prices to improve and also the demand to stabilize going forward. Long-term -- if you see the long-term perspective, the structural tailwind of the sector remains intact. The recent budget announcements also reflect the government's focus on textile with the announcement of national fiber mission, expansion of textile parks and textile skilling initiatives, etcetera.

Recently, there were positive developments around the free trade agreements with the EU. It is set to transform India's textile industry as well as all other sectors with removal of long-standing tariffs disadvantages of Indian products in the European market.

Industry is now awaiting faster implementation of EU and U.K. trade deals and expect stronger order flows and improved competitiveness in these markets. The yesterday's announcement of tariff reduction by U.S. will also further stimulate demand recovery and improve the performance of the Indian textile industry going forward.

Coming to the company's performance. Quarter 3 FY '26 was moderately improved as compared to previous quarter, largely driven by the stable demand, favorable cotton prices and optimum capacity utilization. Although there was continuing impact of ongoing -- global uncertainties, which had impacted the margins.

Going forward, we foresee improved margin profile as demand as well as raw material prices are stabilizing. We're also focusing on other geographies to widen the customer base. We also expect favorable impact of EU FTA as we have strong foothold in EU markets and have been one of the largest exporter of cotton yarn in EU countries from India. The announcement of

U.S. regarding tariffs will also have favorable impact on the demand as well as margins going forward.

Regarding capex, -- our capacity expansion of spinning and weaving is progressing well. Post its completion, we'll be able to offer wider product range to our existing customers and also we'll be able to cater to new demand from domestic market as well as international markets for finished woven fabrics.

We have already commissioned certain modernization and balancing equipment and about 4.6 megawatt solar plant is expected to get operational in the current quarter. The hybrid power purchase agreement of 18 megawatts announced in quarter 2 has started partial power supply, and it is expected to get fully operational in the Q1 of the FY '27.

We have also announced a new capex, which has been there to mitigate the power price hike in the state of Rajasthan and further increase renewal power footprint for the company. The Board has approved an additional capex of INR230 crores for captive solar power capacity of about 41.1megawatt AC, out of which 33 megawatts will be under open access at Jodhpur District and additional 8.1 megawatt of solar power capacity within our Chittorgarh unit premises.

Both of these capacities are expected to get operational by Q2 FY '27. The cumulative renewable power footprint will be about 40% to 45% of the total power consumption and will result in significant reduction in our power costs.

With this, I would like to open the floor for the question and answers.

Moderator: The first question comes from the line of Rina Kashyap, an Individual Investor.

Rina Kashyap: I just had a few questions. So, the first one being the capex done on the solar power. Can you give us details on this INR23 crores expense and the benefits exactly? Can you quantify them for me? How much are we currently -- like how much are we currently generating internally? And what is going to be the captive power?

The second question is regarding the U.S. announcement yesterday of the tariff reduction. Can you help us understand how this will impact Nitin Spinners quantitatively? What would be the impact on revenue?

Dinesh Nolkha: Yes. Let me first answer your second question regarding the U.S. tariffs. Basically, we had an exposure of our knitted fabric business in U.S. and which contributed to about 3% to 4% of our export sales. That was the direct sales. And apart from this, there was indirect sales of about 7% to 10% to our customers in India who used to export to U.S. who are predominantly dependent on the U.S. to exports.

So that was impacted, and we had to divert these products to various other markets and maybe underutilize our knitting capacity also. So with this tariff reduction and we're becoming competitive in comparison to rest of our competing countries, I think we will be back -- this business will be back with us in short time. So that should add to our demand profile and also which could ultimately lead to the margins improvement also.

Regarding second question -- first question was regarding your power. So this is not a INR23 crores, it is INR230 crores investment, where we will be putting about 60 megawatt of DC solar power capacity.

In AC terms, it is 41 megawatt with a battery backup capacity of about 38 megawatt hours. So this will be set up in Rajasthan in Jodhpur and some will be within our own campus. So expected power cost savings from this will be -- this particular project will be about INR51 crores going forward. So this is what I think you were wanting to know exactly.

Rina Kashyap: Yes. I wanted to understand how much are we currently generating and what will be the captive power from this capex?

Dinesh Nolkha: So total, we are generating at this point of time, I think about 6.5 crores units we are generating at this point of time. Maheshwari-ji, my figures are right?

P. Maheshwari: So current solar renewable capacity is 3 crores.

Dinesh Nolkha: 3 crores units per annum?

P. Maheshwari: Yes, 3 crores units per annum.

Dinesh Nolkha: So this will be adding how much...

Rina Kashyap: Yes, how much will it be after the capex?

Dinesh Nolkha: In totality, after this -- all the capex, which we are going to do, our total solar generating capacity will be about 21 crores units every year. This is inclusive of our existing capacity and then the hybrid power investment which we have done plus the investment which we are already doing in our own campus here. So this will be about 45% of our requirement.

Rina Kashyap: Understood. Understood. So just another question. Was there any impact on the financials from the New Labour Code?

Dinesh Nolkha: No. We were very well with the -- as per the laws only of the New Labour Codes, we have already followed that with the draft policy also. So there is no impact on us.

Rina Kashyap: So this was done previous to the code, we were already.

Dinesh Nolkha: We were already complying with those -- all the provisions, which has been -- which has come up now. We are already in compliance with that.

Rina Kashyap: Understood. Understood. Sorry, just one more question. On the domestic demand, I think last call, you had mentioned there was more interest in the domestic market. Given your share of exports have fallen and domestic has increased, how do you see this going forward?

Dinesh Nolkha: I think domestic demand should remain as it is. We are expecting it to be stable and going forward remain good itself because a lot many exporters who are selling to the U.S. market will also be back in business.

Moderator: Our next question comes from the line of Resham Jain from VVD Asset Managers .

Resham Jain: So I have two questions. The first one is with respect to the weaving expansion, almost close to doubling of the capacity, so is it only processing? Or is it processing plus weaving as well?

Dinesh Nolkha: It is both, sir, weaving as well as processing.

Resham Jain: Okay. So it's 100% integrated facility, which is coming up?

Dinesh Nolkha: Yes. Even the spinning is also integrated with it. So it's a project which is able to have its own spinning, weaving and processing altogether.

Resham Jain: Okay. Understood. And sir, this particular weaving and finishing, which is coming up, is it yarn dyed or it is just for bottom weights? Or what kind of product we are planning?

Dinesh Nolkha: Here, we are also adding yarn dyed capacity. So this project also includes our yarn dyeing capacity. So we'll have yarn dyes as well as already we are into bottom weights. So that will also be there in this. And we also have the printing and finishing facilities as well and coating facilities also in this.

Resham Jain: Okay. Understood. But largely, it will be bottom weights, that’s how we should think?

Dinesh Nolkha: No, it should not be -- it is not primarily bottom weights.. Now the ratio we are expecting is 50-50. At the moment, it is about 65-35. Now it will become 50-50 after this expansion.

Resham Jain: Understood. And how much is for like ex spinning, what will be the capex, sir, out of INR1,120 crores total project cost, what will be like ex spinning, what will be the capex for weaving, processing...

Dinesh Nolkha: If you remove the spinning part, I think it is going to be about INR600 crores.

Resham Jain: Okay. Understood. And sir, as of today, between weaving and spinning, what will have or which segment will have better margins stand-alone basis? I know you are integrated. But still, if you have to choose, you have to think between the 2 businesses, which is more profitable?

Dinesh Nolkha: I think today, as on today, weaving and processing cumulatively is better than spinning.

Moderator: Our next question comes from the line of Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: Sir, I'm trying to understand that in our fabric segment, sir, what is the bifurcation between weaving as well as knitted fabrics? And the capex that we are doing in fabrics, is it only in weaving or in knitting also?

Dinesh Nolkha: The capex which we are dealing is only for weaving, it is not going to be for knitting. And the breakup is about -- if you see the total sales is about INR160 crores -- INR161 crores, out of which I think INR130 crores is for weaving and INR30 crores is for knitting.

Madhur Rathi: Okay. So -- and sir, I can see that our knitted fabric volume is down year-on-year from 1,564 tonnes to around 1,000 tonnes. So what is the reason for this?

Dinesh Nolkha: Basically, because of this -- we had a large exposure of knitted fabric in the U.S. market. So because of the tariff issues, we had to scale down the operations in this particular segment.

Madhur Rathi: Sir, and what is the per kg yarn realization as well as the spread on cotton and yarn?

Dinesh Nolkha: Yarn realization for this quarter was around INR250 a kg and cotton cost was around INR151. So the spread is around INR99.

Madhur Rathi: So, sir, now with the favorable trade deal with U.S.A. and with Europe also, though it might take some more time EU FTA to get operationalized, sir, you think that the golden age of Indian textile industry is now ahead of us?

Dinesh Nolkha: I hope so.

Madhur Rathi: Sir, and so what kind of spreads do you foresee going forward?

Dinesh Nolkha: I do not want to forecast anything. But definitely, I can say that we have seen -- we have already passed the worst, and we should see better times ahead.

Madhur Rathi: Great. And sir, lastly, sir, between knitted fabric as well as woven fabric, which of the 2 is more profitable?

Dinesh Nolkha: In woven fabrics, we are completely integrated with the dyeing and finishing. So definitely, with the woven fabric with dyeing and finishing, everything put together is definitely more profitable.

Madhur Rathi: Sir, so knitted, we are not -- since you said we are not expanding capacity, sir, so our future plans are on the weaving and spinning side only?

Dinesh Nolkha: At the moment, yes.

Moderator: Our next question comes from the line of Sanjay Shah from ASK Securities Private Limited.

Sanjay Shah: Appreciate a decent performance in this volatile situation. Sir, my question was more towards the most growth levers what we see on fabric side. Sir, can -- with this 35 million meters of fabric capacity, how much will be finished woven and knitted fabrics? That was my first question. And second was, what is the expected EBITDA margin differential between yarn and finished fabrics?

Dinesh Nolkha: First of all, it will be all -- this 35 million meters capacity will be all for woven fabric only, nothing for knitted capacity. It is 100% for woven only. And as far as margin profiling is concerned, we have also told in the past that overall margin of the company -- EBITDA margin of the company, which we are operating at, should be improved by 100 to 150 bps given the new composition, which we are going to have going forward, because of this more value addition part on the weaving and finishing side.

Sanjay Shah: That's great. And sir, when we see the ramp-up after commissioning this capacity? And we -- did we did any trial order or we have got any advanced order on that side?

Dinesh Nolkha: Already, we are operating our weaving capacity at full swing. We are running at more than 90% capacity. And we have already -- it's not a new product specifically for us. So we can easily increase our footprint.

And with this new FTAs happening in Europe, U.S., it is opening a lot of new customers in these markets where we are not present. So this should be -- this could be a very good beginning for us for the -- to expand our footprint in the export market, which we are not there so much in the fabric business.

Moderator: Our next question comes from the line of Vyom Dagha from Valcore Capital.

Vyom Dagha: Sir, my first question is if you could share what the current spreads are? And how do you expect them to normalize over medium term?

Dinesh Nolkha: Pardon, can you repeat the question, please? Current spread?

Vyom Dagha: Yes, sir, current cotton spreads.

Dinesh Nolkha: I just in my last question, I've answered that it is about INR98, INR99. I think with the present current cost, it is a reasonable kind of spread, which in the good times could go up to INR115, INR120. So if the demand stabilizes and the raw material prices stabilize, this should improve going further.

Vyom Dagha: Okay, sir. And my next question is, once the demand recovers from U.S., how fast do you expect the supply to ramp up? Like the mills which were previously shut down, what proportion of them do you expect them to recover?

Dinesh Nolkha: At this point of time, basic first, the demand has to come in. This is a cycle wherein we are out of the cycle for last 6 months. The new business will come in, and that should first fill up the existing capacities which are running and improve upon the demand. Then only we should be seen.

I don't foresee some of the mills, which is not operational and not viable today will not come into business because it's nearly 1.5 years since they have been down. So significantly improvement in the capacity, maybe new capacity may come in going forward, but the existing old mills coming back in business is a difficult task at the moment.

Vyom Dagha: Okay, sir. And my last question is, if you can give us some time line on the capex or when do you expect the spinning and the fabric division to be -- the capacity to be set up?

Dinesh Nolkha: First of all, the fabric capacity should be there in the early second half of this year -- of next financial year. We should be -- we are going to commission the things from June, July onwards and expect the production to start somewhere from October, November onwards. So second half beginning, we should have some production coming up and maybe ramp up the capacity by the end of this next financial year. As far as spinning is concerned, I think spinning will take one more quarter, and we should be ready by November, December of -- by the end of this calendar year, I think.

Moderator: Our next question comes from the line of Tanishk from Antique Stock Broking.

Tanishk: My question is, can we sustain the current level of gross margins or EBITDA margins as there has been increase in the prices of domestic cotton? Do we see the yarn prices going forward increase? Just want your thoughts on that.

Dinesh Nolkha: I think as we have seen that cotton -- domestic cotton prices have increased, also the yarn prices have also increased during the current quarter. So more or less, it is -- the differentials are still maintained.

Tanishk: Okay. So my second question, do we see yarn prices to go up going forward due to the U.S. trade deal that recently concluded.

Dinesh Nolkha: Of course, it should normalize. What we have seen is that during last 1, 1.5 years, initially because of Russia-Ukraine issues, then happening and Europe getting affected and then this U.S. effect coming in, the demand was very subdued.

So going forward, we expect the demand to normalize. And in the meantime, we have already seen some capacity shutting up. So it will be a stable kind of demand, were the margins should also stabilize and improve going forward.

Moderator: Our next question comes from the line of Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: Sir, I wanted to understand the domestic cotton pricing scenario, sir, are zero imports still there after 31st December or now there is again 11% import duty and are domestic cotton prices trading at a premium with export like international cotton prices? And if so, then what happens to the competitiveness of the domestic cotton industry in the export markets?

Dinesh Nolkha: Yes. First of all, zero duty regime is over. Now it is 11% duty. Back to 11% duty. For export purposes under advanced license, they have allowed us to import in duty free, but then the drawbacks and other benefits are not being given on that.

So that is an implication cost of about 6% to 7%. At this point of time, the Indian cotton prices, if we consider without duty, then definitely, they are expensive than the international prices. But with duty -- with whatever the duty impact, which is there, 6%, 7%, then I think Indian cotton is still cheaper than the international prices.

And as far as competitiveness is concerned, I think we have a large domestic market and the ratio of the export to domestic is about 70-30. And we are able to somehow manage with nominal margins. If we have to have much better margins what we have than today, then we need to have this policy of consistent duty-free import or international price parity in the raw cotton.

Madhur Rathi: Right, sir. And sir, any plans to get into garmenting going forward?

Dinesh Nolkha: As of now, we do not have any definitive plans to get into the garmenting.

Moderator: Our next question comes from the line of Priyam Shrivastava from KC Capital

Priyam Shrivastava: I just wanted to understand the trend with total spindles in the country. And second, are you seeing market shifting away from Tirupur versus states which offer better incentives like Gujarat, Rajasthan and Punjab?

Dinesh Nolkha: As far as spinning capacity is concerned, I think we have in India total about 56 million spindles installed capacity. Operational capacity is about 42 million to 43 million spindles. So operating about at 78% to 80% levels. As far as shifting is concerned, I think there is no new incentives by any other state in the last 1 or 2 years, except I think Odisha offering some new textile policy.

And there is -- and the shift is also not very major. If you see in proportions, the capacity is shifting towards -- whatever capacity had to shift to Gujarat or to Madhya Pradesh or to Rajasthan has already happened in last 3, 4 years back itself. So there has been no major change in last 2 years in the shifting pattern of the spinning capacity.

Priyam Shrivastava: Okay. And like around what percentage of capacity has like shifted out of -- sir refer to these states?

Dinesh Nolkha: I think there is no shift as such. Tirupur is more of a knitting segment, knitting area, dyeing, finishing, garmenting area. And that has remained -- it has remained their forte and still they have a forte on that. So that has primarily been there. Yes, it has been shifted within Tamil Nadu or also due to the environmental concerns within the nearby areas itself only.

Moderator: Our next question comes from the line of Resham Jain from VVD Asset Managers.

Resham Jain: So I have this question on cotton, which has been a key kind of challenge for the whole spinning industry per se. So what I could see is that cotton productivity per acre in India has been flattish or coming down in the last 5, 7 years. While globally, some of the countries, we have consistently seen that it has been increasing. And this has to do with the new variety of cotton seed, which somehow is not being allowed in India.

So from an industry perspective, are we taking any steps to improve the overall productivity per acre because eventually, this is going to be the differentiator for Indian spinning industry. It has been -- like the Indian cotton prices always has been 15% lower than U.S. cotton prices, and that's how we always remain competitive. Any thoughts on this, sir?

Dinesh Nolkha: Yes. Of course, we have, of course, not at individual level in the company. But on the association level and along with the government body, there has been a sincere effort to improve the productivity all over the country as well as -- and we have already -- I mean, there is an MSP policy in the country, as you are aware, and there has been an average increase of -- every year increase of about 5% to 7% of the minimum support prices.

We have been requesting government that we need to work on the other side and that already we have set up a complete full-fledged committee with the industry members also, wherein we have to go and improve upon the productivity side.

So we need not increase the price, but the income of the farmer increases and also that suffices the requirement of the industry. Of course, it's not a 6 months or a 1-year job. But for a long-term, already, there has been a lot of initiatives happening, and we may see the results coming in going forward in another 1 to 2 years' time.

Resham Jain: Okay. Any states where you could see this happening?

Dinesh Nolkha: Maharashtra, a lot of efforts has been done in Maharashtra. Also, some parts of Rajasthan also are giving better productivity and results. So that is also there. So -- but there has been efforts in Madhya Pradesh and Maharashtra primarily more so towards the development.

Resham Jain: Okay. And sir, just one last point with respect to this. Given that we have very good exports. So for us, compared to the industry, we will always be a little better off given that we can use advanced license to some extent from a cotton price perspective.

Dinesh Nolkha: Of course.

Moderator: Our next question comes from the line of Yash Tawani from Aamara Capital.

Yash Tawani: So I have two questions. So one is on the fabric business side. So I just wanted to get a sense that with the new facility coming in, what is the utilization that we expect to run out by the next year once it runs on a full capacity? Once it's fully operational, what is the utilization that we expect there?

And second is on the fabric business side. So what is the bifurcation we have on the fabric business sales in terms of how much goes to, let's say, the brand owners or the ready-made garment manufacturer versus the trader, how the bifurcation runs that side -- so these are the questions.

Dinesh Nolkha: Next year, we are -- first of all, regarding the capacity utilization. We're already running our existing capacity on 90% plus site. And the new capacity which is going to come in, we are expecting that next -- we should be able to ramp it up to at least 80% capacity in the next financial year, '27-'28. So that is the capacity ramp-up which we are expecting.

As far as this breakup of brand owners and others, we have not yet worked out on that particular part. At this point of time, I can just give you a ballpark picture that the traders are having nearly 1/3 share and the brand owners and ready-made garments are having 1/3 share, 1/3 each. So exactly, I'm not having the data. So I do not want to comment on that, but maybe we'll get ready with data and then comment going forward.

Yash Tawani: Perfect. And is the margin similar in all of these, the trader versus them? Or is it like hierarchy wise, if you can put it, which comes not the -- just the hierarchy?

Dinesh Nolkha: Of course, the brand owners with a consistent kind of demand is definitely better and their expectation of the quality of the fabric is also better. So there, the margins are better. And of course, then secondly comes the ready-made garment manufacturers and then the trader because traders ultimately stock and want to have some margins with them as well.

Moderator: Our next question comes from the line of Aditya from UK Capital

Aditya: Sir, could you please clarify the current capacity utilization, I missed out, for the knitted and woven segments?

Dinesh Nolkha: Our capacity utilization at this point of time for spinning is about 99%. For weaving, processing, it is about 91%. And for knitting, it is about 40%.

Aditya: Okay. Sir, for knitting, you said that U.S. tariffs impacted the knitting segment. And you said that you are redirecting the volumes to other international markets. With the current recent U.S. deal in place, do we plan or reengage the U.S. market or scale up the business in the U.S.? How is this going forward?

Dinesh Nolkha: We have to cautiously trade with them. This experience has not been good. We have never expected that the U.S., this can happen in U.S. So definitely, we'll try to regain the market share. Already, our utilization, especially in knitting is lesser. So we'll try to regain the business there.

But of course, not become as dependent as we were in the past on the U.S. market. And of course, with the U.K. market and EU, free trade happening -- agreement happening over there, we could have really good times in the European market where we have a very good footprint.

Aditya: And with the removal of the cotton duty exemption, do you anticipate higher raw material procurement going forward, especially in the imported cotton?

Dinesh Nolkha: Of course, prices of the imported cottons have remained more or less at the same level what it was there in U.S. dollar terms. Only that the post removal of duty exemption, since we are doing it in the advanced license, it's not going to have a major impact on us.

Of course, our sales incentives goes down. That is what we have. So that should not have a major impact on the raw material cost as such for us. Domestic cotton prices, of course, already have -- because of that, have already gone up by about 5%, what was there in the last quarter from now.

Aditya: Sir, just last thing on the recent news from the Bangladesh where the report shows that the cheaper yarn imports has significantly disrupted spinning and textile sectors in neighboring countries. So are you seeing any impact related to this?

Dinesh Nolkha: At this point of time, they have not taken any action or anything. And in fact, our industry associations have given a due clarification to them about this. When we say they have imported cottons, which is cheaper than us, they do not have any duty. Their labour cost is less than us. Their power cost is less than us. So how the spinning industry can become uncompetitive in comparison.

Either we are too efficient and they are inefficient, I don't know. But we have given you -- and this is something -- euphoria has been created there by the spinning industry there. And garment industry in Bangladesh is overwhelmingly opposing this particular move. At this point of time till now, there is no action has been taken on that side, and the business continues as it is.

Aditya: So we -- our business doesn't change as of now, no impact on the business?

Dinesh Nolkha: As of now, there is no impact.

Moderator: Our next question is a follow-up from Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: Sir, I wanted to understand with the new 35 million meters of the fabric that we are planning to add, sir, will this be a higher realization fabric because we are expecting INR1,000 crores revenue from this segment versus on a similar volumes, we did INR700 crores in FY '25?

Dinesh Nolkha: We are expecting a revenue of about INR650 crores to INR700 crores only from the fabric side. Balance INR300 crores is going to come from the yarn. We are also putting up the yarn dye capacity, which would be put for sale as well as some additional yarn capacity also. So INR300 crores will come from -- INR300 crores to INR350 crores will come from yarn.

Madhur Rathi: Okay. And sir, do we -- can we expect our margins to conservatively move to 16% by FY '28 with ramp-up of our fabric capacity?

Dinesh Nolkha: I can just say that whatever margin profile we have, of course, margin depends on many other factors. But whatever margin profile we have, we should have a -- because of higher value addition, it should improve the thing by 100 to 150 bps going forward.

Madhur Rathi: And sir, that base would be -- sir, so the current base of 14%, can we expect that 100 to 150 basis point improvement?

Dinesh Nolkha: Yes, exactly.

Moderator: Our next question comes from the line of Vishal Prasad from VP Capital.

Vishal Prasad: So, Dinesh-ji, I have one question. In the past, when someone asked you about our interest in moving into garments, you mentioned that if we have to do garments, then we would need to have some incentives like PLI as otherwise, it would not be very remunerative for us. Given the EU FTA and U.S. trade deal, do you think there is a case for us to think about garments business even if PLI is not available?

Dinesh Nolkha: Definitely. With this kind of markets opening, I think we must look into that because we already have the alignments with the various international brands. So we'll definitely look at this aspect as well going forward. But at this point of time, we do not have any definitive plans.

Vishal Prasad: Right. So if just in case, if you think about garmenting probably it will be in 2, 3 years or even more?

Dinesh Nolkha: It doesn't take that much time to establish. But our first target today is to establish our -- this new fabric capacity, which is coming up. That is a major leap today because we are doubling the capacity. And maybe post that, we may definitely have a look at these aspects...

Vishal Prasad: Okay. And second point, if I remember correctly, you had mentioned that in garment business, there is a challenge of labor because they are not available at a lot of places. They come from 2 or 3 states in India.

And there, the garmenting business is still in fancy like Bihar or Jharkhand or Madhya Pradesh. So given your experiences, do we have -- I mean, how do you think about getting into garments if labor shortage is a consistent problem?

Dinesh Nolkha: First of all, we have not thought about it as of yet. So once we think get into the detail, definitely, we'll work out on this. As far as I understand, a lot of skilling is required. It is a job where a lot of skilling has to be done and then only we can do. Hopefully, this new government -- the government has launched a new scheme, Samarth 2.0, where we are skilling a lot of people, and they are giving incentives for skilling the people.

This should also help going forward in skilling the labours for the garmenting business also. So we have not gone -- we have not yet gone in the nitty-gritties of how we want to go about and what is the area, which areas, which market. So it would be not right for me to comment at this point of time on that subject. Once we are ready with this, then definitely, we'll share all the details with investors as well.

Moderator: Next, we have a follow-up question from Rina Kashyap, an Individual Investor.

Rina Kashyap: Just the last couple of questions. How much is the share of U.K. in your exports? And do we -- how do we see that increase? Like if you can quantify that for me? And second is just in continuation of the previous participant's question, it's not garmenting, are we also exploring any inorganic growth opportunities?

Dinesh Nolkha: Yes. First of all, as far as U.K. market is concerned, we have exposure in yarn as well as fabrics in there. We have exposure to the various brands which are working from the U.K. market. And also, we have yarn business there, which is today not very significant, maybe about 3%, 4% of our total sales. But with this FTA getting into place, this could increase multifold. Second question was regarding -- second question was -- regarding -- can you repeat the second question, please?

Rina Kashyap: Yes. Just you mentioned garmenting that you don't plan on getting into garmenting right now, maybe after a couple of years. But are you all -- side-by side, are you all exploring any inorganic growth opportunities?

Dinesh Nolkha: Yes. Inorganic, we keep on looking at it, but we do not have many -- we have not been able to find the right fit. So if something right comes up, we are open to that.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Awanish Chandra for closing comments. Over to you, sir.

Awanish Chandra: Before taking your closing comment, one question. Sir, you mentioned that every capex line item will get completed in 2027 by November, December. So -- and history says that you reach 100% utilization very fast, things get stabilized. So, any thoughts on expanding our existing capacity further? Any plan you have started thinking about?

Dinesh Nolkha: As of yet, we have not planned any new capacity expansion. But with this kind of all the FTAs happening, the market getting opened, we will definitely look in for the growth prospects going forward as well. So once we are ready with the prospects, maybe then we can share with you. But definitely, as a growing company, we have to look forward as well.

Awanish Chandra: Thank you very much, Dinesh sir, Nitinji and Maheshwari sir for giving us this opportunity to host the call. Sir, your final closing comment.

Dinesh Nolkha: Thank you, Awanishji. And first of all, I would like to thank everyone for taking out time for joining the call. I hope we have been able to address all the queries. I also thank SMIFS team and Awanishji for hosting the call. For any further information or other things, you can get in touch with our finance team or our SGA, our Investor Relations Advisors. Thank you, and see you all over the next yearly conference call as well.

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