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BSE Ltd.
PhirozeJeejeebhoy Towers
Dalal Street
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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 11.05.2026

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 May 11, 2026 on Operational and Financial Performance of the Company for the Quarter and Year ended on ended 31st March, 2026. 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: 2026.05.14 14:23:06 +05'30'

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

“Nitin Spinners Limited
Q4 FY '26 Earnings Conference Call”
May 11, 2026

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

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

“E&OE - This transcript is edited for factual errors and readability. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11/05/2026 will prevail.”

Moderator: Ladies and gentlemen, good day, and welcome to the Nitin Spinners Limited Q4 FY '26 Earnings 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 the 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, Awanish, sir, could you please go ahead?

Awanish Chandra: Yes. Thanks a lot, Julius, and thank you very much, everyone, for joining this call. On behalf of SMIFS Limited, I welcome you all to fourth quarter and full financial year 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, 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 questions 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, Awanish ji. Good afternoon, and a warm welcome to all the participants to this Q4 and 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 company's website as well as on the stock exchange website. I will start with a brief overview on the operational and financial performance for the quarter. Post that, our CMD, Mr. Dinesh Nolkha, will give you an overview of industry and business scenario.

Coming to our financial and operational performance for Q4. Revenue for Q4 FY '26 stood at INR859.8 crores that is higher by 7.4% on a quarter-on-quarter basis and 2.2% on a year-on-year basis. This is our highest ever quarterly revenue, driven by improvement in demand and yarn prices. EBITDA for the quarter stood at INR130.4 crores, that is a growth of 16.9% on quarter-on-quarter basis and 8.4% on a year-on-year basis.

EBITDA margin for the quarter stood at 15.17% against previous quarter margin of 13.93% and Q4 '25 margins of 14.30%. That is an expansion of 124 basis points on a Q-on-Q basis due to improved realization, operational efficiency and cost-saving initiatives. Profit after tax for the quarter stood at INR57.4 crores, that is higher by 29.2% on a quarter-on-quarter basis and 23.7% on a year-on-year basis. EPS and cash EPS for the quarter stood at INR10.20 and INR16.74 per share, respectively.

In terms of geographical split, in Q4 FY '26, exports contributed nearly 63% and domestic market contributed 37% of total revenue.

And coming to yearly performance, revenue for FY '26 stood at INR3,213.9 crores, that is marginally lower by 2.8% on a year-on-year basis, mainly due to lower yarn and raw material prices particularly in first half.

EBITDA for the year stood at INR452.8 crores, that is degrowth of 4% on a year-on-year basis and EBITDA margin for the year stood at 14.09% against 14.26% last year. Profit after tax for the year stood at INR177.6 crores, that is higher by 1.2% on a year-on-year basis. EPS and cash EPS for the year stood at INR31.58 and INR57.93 per share, respectively.

In terms of geographical split, exports contributed 61.9% and domestic 31.8% of total revenue. In terms of revenue mix in FY '26, contribution to total revenue from yarn, fabric and others stood at 74%, 21% and 5%, respectively. On the operational front, in Q4 FY '26, spinning capacity was operating at over 98% utilization and woven fabric capacity was operating at over 90% utilization.

The Board of Directors have recommended a dividend of 30% on equity share capital, that is INR3 per equity share of INR10 each for the financial year ended 31st March 2026.

Our balance sheet continues to remain strong in FY '26, and our net debt to equity has come down to 0.76x as of 31st March '26 as compared to 0.89x in 31st March 2025.

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

Dinesh Nolkha: Thank you, Maheshwari ji. Good afternoon, and a warm welcome to all the participants.

FY '26 was a very challenging year for the textile industry. However, it ended on a positive note for the upstream textile players in view of uptick in demand and improvement in yarn prices. U.S. tariff uncertainties, which affected the textile value chain, particularly in first half of the year, resulted in demand destruction and underutilization of capacities.

The second half was again full of uncertainties due to ongoing West Asia conflict, which has disrupted supply chains, increased the freight costs as well as transit time and increase in the raw material and other input prices. The industry observed improvement in demand in Q4 FY '26 due to removal of tariffs by U.S.A, restocking across downstream channels and increase in transit times.

This has resulted in improved utilization and increase in realization as well as margins. As far as cotton was concerned, the last year till the December '25, the international prices were lower at about $0.63 to $0.64. And similarly, domestic prices were also lower, ranging from INR52,000 to INR55,000 per candy. This was the lowest levels in last 3, 4 years. Moreover, domestic prices were in parity with the international cotton prices.

Government of India also helped by removing duty on imported cotton between August to December '25. Since last few weeks, international and domestic prices are showing upward trend. However, parity between 2 still remains. The industry is requesting Government of India to again remove the cotton import duty to ensure availability of good quality cotton at reasonable prices.

While the ongoing tensions in the Middle East remain key monitorable, the long-term demand of Indian textile industry remains intact, driven by India's long-standing advantage in cotton products and in addition to market depth to the sector in view of the implementation of various free trade agreements. The India U.K. FTA is expected to fructify soon and benefit Indian textile industry with elimination of long-standing duty disadvantage as compared to the competing nations.

The India EU FTA, which is another big boost to the Indian textile industry, will take another couple of quarters for implementations. After gaining duty-free access in these markets, Indian exporters expect strong order inflows and improved competitiveness. Already various customers from Europe have started inquiring and planning to diversify their sourcing from India, looking into these FTAs and other benefits, which they are going to get.

Coming on to the company's performance. Nitin Spinners has delivered its highest ever quarterly revenue of INR859.8 crores in Q4 FY '26 due to optimum utilization of capacities and improvement in yarn prices. This has resulted in improved margins also during the quarter. Our existing capacities of spinning and woven fabric are running at optimum capacity utilization.

We are continuously expanding our geographical reach in all business segments to offset the demand volatility from a particular geography.

Here, I'd like to highlight that over the last decade, we have grown our revenue, EBITDA and PAT by nearly 3 to 4x. Also increased our gross fixed assets and cash flow from operations by more than 4x. Also, over the last decade, we have generated more than INR2,000 crores of cash flow from operations. We are hopeful of keeping up the pace in future as well.

As regards to the present ongoing capex, the plan is progressing very well. It is expected to commercialize in second half of FY '27. Post expanding our fabric capacity, we'll add another 35 million meters to 70 (Errata: Actual Number to be read as 75) million meters annually and spinning capacity by another 22,000 tons to about 130,000 tons. And we'll be able to supply a wider range of products to our existing domestic and international customers and also serve the newer geographies. This capex will enable us to increase the share of value-added products in our total revenue, resulting in improved margin profile.

The renewable power capex is also progressing as per schedule and expected to be operational in the second half.

External environment like normalization of U.S. tariff scenario, most probably settlement of the U.S. West Asia war and signing of multiple FTAs give us confidence of faster ramping of the new capacities once they get operational.

In the renewable power sector, we continue to expand our renewable power footprint to reduce our per unit power cost and marginally mitigate the impact of rising power costs. In Q4 FY '25, we announced an additional investment of INR9.5 crores for a hybrid power purchase agreement of 10 megawatts, which will be operational by Q3 '27. With this, the total renewable capacity addition during -- including PPAs during the year will be about 75 megawatts. And with the already installed capacity, we would be very near to 100 megawatts of power capacity.

After these capacity additions, nearly 50% to 55% of our present and future power requirements will be catered by the renewable energy.

Looking ahead, we are confident of improved overall performance with better demand visibility, increased realizations and supported by capacity expansion. Renewable power initiatives and addition of value-added products to the portfolio should further enhance the competitiveness. With this, I'd like to open the floor for the question and answers. Thank you.

Moderator: The first question is from the line of Rehan Saiyyed from Trinetra Asset Managers.

Rehan Saiyyed: So yes, I have a couple of questions. First, on our Rajasthan investment, like you have done capex. So what with Rajasthan Investment Promotion Scheme benefits applicable on the new capex. So can management help us understand the total incentives likely to be accrued over the project life and how much this could improve our project IRR?

Dinesh Nolkha: Basically, Rajasthan Investment Promotion Scheme has 2 parts -- I would rather say 3 parts to its whole scheme. First is the capital subsidy which is ranging depend -- am I audible?

Rehan Saiyyed: Yes, yes, you are audible.

Dinesh Nolkha: Yes. So the capital subsidy part is ranging depending on the capital allocation, which you are doing plus the employment generation you are doing from 20% to 25%, 27%. So that will be of the total project and eligible assets. So for our new capacity expansion also, this will be allowed to us. So that is one part. Second part is the interest subsidy, which is about 5% of term loan or 2.5% of the eligible fixed investment(which ever is Lower), which is again allowed for 5 years. (Errata: The above line is edited for factual error)

So that is again, we are eligible. And apart from this, there are various electricity duty benefits plus we have certain land and other rebates, which is mandi tax rebates and other rebates are also applicable, which is also as the case with the last project also. As far as IRRs are concerned, I think that is capital subsidy is a part which we get over a period of 10 years. So that is fructifying accordingly. So -- and the interest cost you are already seeing in the numbers, which is accrued to us every year.

Rehan Saiyyed: And my second question is around some of -- on the renewable energy side. So the company has announced significant renewable energy investments through solar and hybrid power purchase. So by FY '28, what percentage reduction in overall power cost per unit does management expect for this current level?

Dinesh Nolkha: So instead of per unit capex, we need to look at what is the total saving which we can generate out of this. In the -- on an annual basis, we are expecting that total savings will be around INR50 crores per annum once this complete thing is fructified. And during this year itself, we expect that we will have a saving of around INR30 crores to INR35 crores.

Rehan Saiyyed: Okay. And my last question is around your EBITDA margin. So in the upcoming fabric expansion project, what kind of asset turns and EBITDA margins are management targeting once the new 35 million meters capacity stabilized. And would fabric margins structurally remain superior to yarn margins over the cycle, just a bit understanding here.

Dinesh Nolkha: Yes. First of all, there is no -- we are not targeting any margins. And specifically, we do not give any numbers for the fabric margins. But for sure, the fabric margins, finished fabric margins are superior to the yarn margins. That is one thing. And secondly, as far as asset turn is concerned, normally for the new capex, the total asset turn is 1:1 if you remove the energy -- renewable energy capex, which is there. On a company basis, our asset turn is around the ranging between 1.2 to 1.3 levels.

Rehan Saiyyed: Like, don't want to give any idea about EBITDA margin, any range?

Dinesh Nolkha: As such, I can say that we have been stating this for last 4, 5 years that our -- with the kind of product profile, which we have, our normal margin should be in the range of 16% to 20%. We expect that we should be able to maintain -- we should be able to fall into this level during this current year, in the financial year '27.

Moderator: The next question is from the line of Kishore Kumar from Unifi Capital.

Kishore Kumar: Sir, I just have a follow-up on the time line for the new capacity. You mentioned H2. So the commercial production for both fabrics and yarn incremental capacity will start from October, correct, sir?

Dinesh Nolkha: Not October exactly. H2 means the second half of this financial year. So at this moment, as it looks that we may start some of our capacity for the fabric from -- in the quarter starting from October to December. And the spinning capacity by December -- by January to February of next year.

Kishore Kumar: Sir, just a follow-up on this. See, when I look at the capital work in progress, it's around INR100 crores. So our capex plan was about INR1,000 -- actually INR1,000 crores. So the remaining will be spent in the current financial year, the 6 to 8 months' time line, correct? Is my understanding correct on that?

Dinesh Nolkha: Sir, here, we have 3 parts to the capex in this number, which you are seeing. First is the capital WIP, which is -- which you are seeing in the balance sheet. There are certain advances to the tune of about INR140 crores, which has already been given to various machinery and other assets. So that is again in the capital advances segment. Other assets, it is already showing there.

So that is second part. And third part is certain assets which has been of modernization and balancing, which has been already received and have become operational. They have already been capitalized. That is to the tune of about INR55 crores to INR60 crores. So in all, if you look at that, we have already spent more than INR300 crores already on the project at the moment and balance will be spent during this current year.

Kishore Kumar: And on the balance, most likely it will be funded through internal accruals and the remaining through debt?

Dinesh Nolkha: Yes, of course.

Kishore Kumar: Sir, and one more thing on the realization front, if I look at the sequential improvement in the realization, yarn realization went up by 5%, 6%, but the fabric realization for both knits as well as woven was flat. So is it because of lag in the pass-through of the price hikes to the customers? Is my understanding correct there?

Dinesh Nolkha: If you see quarter-on-quarter, our knit fabric realization has also improved by about 5%. They are more or less in line with what is the yarn realization has been there. And the woven fabric realization has increased by about 2%, 2.5%. So yes, fabric generally falls with a lag. So it takes more time to pass on the increases as well as when the prices goes down, it is slow to reduce as well. So these are the exact numbers, I will say.

Kishore Kumar: Sir, the second question is on the U.S. inflation. Off late in the past couple of months, the apparel inflation in the U.S. has started inching up. I guess most probably the tariffs has started being passed on to the customers.

What is your view on that? Will it have an impact on the demand front if the inflation starts to go up further?

Dinesh Nolkha: It's quite a macro question. Very difficult to predict that. But what we are seeing is that the prices of the products have come down significantly. If you see the year '21, '22. And since then, the retail prices as well as the wholesale prices of textiles have gone down only. So this is just a course correction.

So we feel that we are in the middle of the course correction and these kind of prices which are prevailing at this point of time is expected to be passed on without affecting the demand. Yes, if they are further significantly increased by another 5% to 10%, then it may have an impact.

Kishore Kumar: So whatever you are hearing from your customers is on in the positive side?

Dinesh Nolkha: Yes, because they were planning for -- they have been planning for a duty of about 20% and against that, they are getting only a duty of 10%. So they have already planned for that increase in the prices. So that is benefiting them at the moment.

Kishore Kumar: I have one more question, if I may. Sir, the Indian spinners are actually exporting a lot to China, Bangladesh and other South Asian countries, the yarns. If FTA gets ratified and the demand moves from those countries to here, the Indian spinners' demand, which is actually going from India to the other countries will be sold domestically. In that case, do you see net positive impact for companies like Nitin after the FTA gets ratified?

Dinesh Nolkha: Of course, nearshoring definitely helps. It reduces the logistic costs, transit times. And overall demand scenario from the domestic market, if it improves, it has a positive impact on companies like us. So further, our fabrics, which is being directly supplied to various garmenters, that proportion also increases domestically. So again, that is of a help to -- in our competitiveness, I must say.

Moderator: The next question is from the line of Jatin Damania from SVAN Investment.

Jatin Damania: Sir, first of all, congratulations on the good set of numbers. So just wanted to understand that over the last couple of quarters, we have seen the yarn prices have been moving up, and that has been translated into our numbers. But when you look at the fabric, definitely, you indicate that it comes with a lag effect. So is it fair to assume that in the coming 2 quarters or the FY '27, along with the improvement in the yarn spreads, we'll get a benefit of the uptick in the fabric prices also?

Dinesh Nolkha: Yes, of course, they've already started to improve.

Jatin Damania: Okay. And to what extent, sir, the fabric prices have improved?

Dinesh Nolkha: Fabric prices, they are -- as they move with a lag, the prices which were in the March of -- March numbers are getting translated -- March increases are getting translated into the fabric prices now. And going forward, we expect that these prices will be improving further as well.

Jatin Damania: Okay. And in terms of the yarn spreads, sir, what was the spreads last quarter? And what are the spreads as of today compared to the last quarter, yarn spreads?

Dinesh Nolkha: The last quarter spreads were about INR110 a kg and now it is about INR125 -- around INR120 to INR125, depending on different counts and other things.

Jatin Damania: So sir, taking our Q4 number as a base and assuming that current scenario with the INR120 or INR115 as a spread and the improvement in the fabric prices and INR30 crores, INR35 crores of the incremental benefit on should get from the power, which is almost 1% of the current margin, is it safe to assume that this margin for this year could be around somewhere around 17%, 18%? Is it safe to work on that number for the company as a whole?

Dinesh Nolkha: I have already indicated to the answer in my last question -- last respondent who asked me question that the normalized range is about 16% to 20%. And we expect that in this year, we'll fall in that range.

Moderator: The next line is from Prerna Jhunjhunwala from Elara Capital.

Prerna Jhunjhunwala: Congratulations on decent set of numbers. Just wanted to understand what would be our normalized spread on normalized margin for the yarn business, not as a whole, but for the yarn business? Like it earn 14%, 15% margin. So what should be the spread given the cost of cotton has also increased currently?

Dinesh Nolkha: Basically, yarn margins are -- at the moment, if you see, it depends on the base price. This per kg numbers which we are giving is a differential between the yarn prices and the cotton costs. And this may vary depending on the yarn prices, if it is -- the percentages changes. As you know, if the base increases, the percentages may look lesser, but the numbers overall in absolute numbers, they improve.

But with these kind of margins, these are -- if I just speak about what was last year, it was about -- in the range of about 12%. These margins were in the range of about -- if you see INR110 was reflecting at about 11.5% to 12% kind of margins.

Prerna Jhunjhunwala: Okay. So which means, sir, if we have to go back to 14%, 15% margin, the spread should improve further to get back to normalized margins? I'm not including inventory gains over here. That is as is.

Dinesh Nolkha: So already, I'm saying that it is about INR10 to INR15 already has increased from the last year, last margin -- last quarter margins. So further, that will add to the margins.

Prerna Jhunjhunwala: I was just thinking from normalized margins, will this be enough for us to have normalized margins, excluding inventory gains?

Dinesh Nolkha: Yes, I'm also talking about normalized margins without inventory gains. That is -- I'm also talking about the same only.

Prerna Jhunjhunwala: And sir, on commissioning of this project, what would be our peak debt that we would be having?

Dinesh Nolkha: Our peak debt -- means our peak debt depends upon our working capital, but our normal total debt, we are expecting to be less than -- in the range of about INR1,900 crores to INR2,000 crores after this, including the working capital exposures.

Moderator: The next question is from the line of Riddhesh Gandhi from Discover Capital.

Riddhesh Gandhi: Just wanted to understand your own perception on whether these spreads of INR125 are sustainable? And how much they've historically been over the, let's say, in the last 5 years and how you see this over the next few years?

Dinesh Nolkha: So first of all, if you see our -- if you see the yarn margins, the differential has ranged from -- on the minimum side, it has been about INR90, and it has gone up to INR140 to INR150. If you see the post-COVID, it has gone up to INR140 also. And -- but we must also consider the fact that over a period of time, there has been an inflation. So in this differential, we have to also reduce the cost of power, the cost of labor and other component costs, which has also marginally increased over a period of time. So considering that factor also, normally the INR90 should -- a minimum margin should now be minimum at least INR100.

That has now become a minimum side. So as far as this INR125 is concerned, I think this is the median of the margins. And I feel that looking to the capacities, which has gone down in the country, demand which is coming up going forward with the kind of various measures which have been taken, I feel that this INR120 to INR125 margin should be sustainable going forward as well.

Riddhesh Gandhi: Sir, the question is with regards to capacity reduced in the country. Is it possible that this supply will potentially come back even spreads are now higher? Or do you expect it to stay offline there's no way back?

Dinesh Nolkha: Some of these capacities have gone out because of obsolescence, because of lack of working capital also for various other reasons. So I don't expect that majority of the capacity, which had very small economic sense will come back. But yes, of course, the new capacities can come up. Some companies which is in the middle of that can modernize and improve their -- increase their capacities. Yes, of course, that is always possible.

Moderator: The next question is from the line of Rahul Jain from Credence Wealth.

Rahul Jain: Sir, first of all, how have the synthetic yarn prices moved in last 3 months or specifically post war, the polyester prices, we understand have moved up. So how have they shaped up? And how do you look at in terms of the spread between your final product and the raw material prices?

Dinesh Nolkha: Yes, that has significantly -- if you see the polyester prices have moved up by about 20% plus, this is increase of more than 20%, highest than any other raw material. And consequently, the yarn prices have also moved in tandem. Of course, their margins have not increased substantially. The margins still remain at the levels which were there in the month of March. They are not -- the spread has not been increasing to the extent which people would like.

Yes, in the blended yarns, this has improved marginally, where the polyester cotton is concerned or that kind of yarn where the cotton is involved or the cotton blended with other synthetic fibers, their margins have improved. But in purely in synthetics, the margin has still remained static.

Rahul Jain: So is it difficult to pass on the synthetic raw material push given China could also be a competitor in this specifically in terms of their exports?

Dinesh Nolkha: No, it is not so. Actually, that is not the case. The major -- if you see our synthetic exports, majorly, especially on the blended side, polyester viscose and others have been to the Asian Middle East and Middle East and the African continent. So there, because of the logistics issues and the problems which is still persisting, the goods not getting transited over there. So that is why we are not able to export only.

That is creating slightly more available capacity in the domestic market, and that is hitting. Once this gets over, we expect that all this -- the increase will also happen in the synthetic market also.

Rahul Jain: And sir, with regards to this cotton spread, which you mentioned, I understand that last year, on an average till the war started, the spreads were around INR110, plus or minus INR2. And then in last -- post the war, the spreads have moved up to almost INR125 is what you stated. So what are the primary reasons for this going up?

Dinesh Nolkha: There are a couple of reasons I have highlighted in my speech as well. First of all, the prime reason is there is a -- one which is there is there was a lot of destocking happening when the prices went down, a lot of destocking happened. And because of lesser operational capacities, also the prices were -- once they are going down, tendency to buy less. So that is -- so the restocking things started from January of this year. So that is one of the reasons.

Second reason is the transit times across the globe has increased that created a fear among the customers that they may be out of the stock, so they wanted to buy more or you can say there were more goods on the sea. So that also helped in increasing the demand to a certain extent. And plus the prices -- the raw material prices, which were at the all-time low levels, they could not -- cannot remain at that level forever looking to the cost of the raw material production. So that has also helped in increasing the raw material cost and consequently the prices.

Rahul Jain: So sir, we understand also that the yarn availability from China somewhere, specifically on the cotton side. So there have been issues on the cotton and cotton yarn from China. And the shift from polyester to cotton, given the polyester prices in domestic have gone up substantially post the war started. How much of these 2 reasons could be the reasons for the spread increase on the cotton yarn side?

Dinesh Nolkha: I don't think so that still the effect of polyester shift has happened whatever polyester shift was to happen has started to happen only in April, May, but that is also not very major. China has a very good capacity of polyester manufacturing. And rather, they decide the prices at which the polyester is sold all over the world. So I don't see any major dent happening in the demand side of the polyester and still polyester is quite cheaper than the raw cotton.

If you see in last 3 months' time, the polyester prices per kg has increased by about INR25 to INR27 a kg. And cotton price has increased in per kg terms in rupees is about INR30 to INR35. So it does not -- there is no advantage as such going in for replacement of polyester at this point of time.

Rahul Jain: Okay. And with regards to cotton availability and cotton yarn prices moving because of the China factor?

Dinesh Nolkha: China was contributing to this because they were buying more of raw cotton as well as cotton yarn. But that has not been very substantial, I would say. Still, if you see the numbers in the month of March, the shipments which were going to China have just increased marginally from 10%, 11% to 15%, 16%. It has not gone up quite substantially. This used to be in the range of 30% plus, 4 years back. So I would not attribute all the increase in the margins to China alone.

Moderator: The next question is from the line of Saransh Gupta from SVAN Investment.

Saransh Gupta: Congratulations on a great set of numbers. I just wanted to understand like how the fabric segment is panning up like you did mention quite a few times that the yarn prices have increased followed by -- due to the war uncertainty. So has that been flowing in the fabric prices also? And are we able to pass it on to the customer?

Dinesh Nolkha: Yes, that is happening on the fabric side also, but that is -- that happens with a slightly lag. And we have also increased our prices in the fabric side and expect it to increase -- so this takes a bit more time than the yarn price, like cotton to yarn, it is faster. But in case of yarn to fabric, it takes more time. So that will happen over a course of period. We have already started to increase the prices.

Saransh Gupta: And just one more question that what would be the total contribution of our knitted fabric and woven, if you can quantify in Q4 and FY '26?

Dinesh Nolkha: We've already given in our investment presentation, but for your -- just for your -- this thing, 22% is our total sales from -- revenue from the fabric sales all put together.

Saransh Gupta: That I know, but I just wanted if you can help us with the number of how much revenue was contributed through knitted fabric.

Dinesh Nolkha: Knitted fabric contribution was, I think, the woven fabric is around 20% (Errata: Actual Number to be read as 18%) and knitted fabric is another 2%, 3%. (Errata: Actual Number to be read as 4%)

Moderator: The next question is from the line of Saloni Munshi from CRISIL.

Saloni Munshi: So I just wanted to understand in Q4, you mentioned that the demand had improved. So are the domestic demand you're talking about or the export demand?

Dinesh Nolkha: Both sides. In the domestic market also, the demand has improved as well as in the international market.

Saloni Munshi: Okay. And do you have any outlook regarding the export? So export demand has been a little for the yarn specifically, the export to China has increased, but the export to Bangladesh has decreased as well. So do you have any outlook on how it will pan out like?

Dinesh Nolkha: Demand, I think, we have seen that there is a steady demand of exports. If you see the total number of exports, about 100 million kgs of yarn has been exporting out on an average basis from our country to various markets. I think this 100 million kgs will be still maintained. And we can do -- we can think about a slight increase, maybe about 5% to 10% going more towards -- because of the increase in demand coming in from China. So that is -- so we expect that the incremental demand internationally will be about 10%.

Moderator: The next question is from the line of Anil Kumar, an Individual Investor.

Anil Kumar: First of all, congrats for the good set of numbers, sir. Sir, my question is regarding raw material inventory. How much inventory we are having on the cotton side and finished goods side? And how much months inventory we are having? And what is the status of -- my second question is regarding FTA. How do you think that how much we can increase -- total demand will increase when the FTA has materialized? So, two questions.

Dinesh Nolkha: First of all, I'm sorry that I cannot share the numbers on the inventory side. So you can extrapolate on your own since the balance sheet and other numbers are available to you. So you can see that on your own as well. Secondly, as far as FTAs are concerned, I think we should be expecting very good demand coming in, especially from the Europe FTA. Most of the international bigger brands are there in Europe as well as in the U.K.

So this demand -- this should increase our garment demand as well as the fabric demand, which is there, which they are sourcing at this point of time from our competitors like Bangladesh, Vietnam and China. So there is a significant demand increase expectation. China, plus also, we are seeing that a lot of the inquiries are coming in from all these brands.

And they want to diversify their sourcing instead of all these countries towards India, looking into the stability, I must say, the geopolitical stability, which we are having and also an availability of the complete chain of textiles in our country. So we should be able to fructify this pretty well. But the only thing is that we need to be sure that we are able to cater to the increased demand in a swift and fast manner.

Anil Kumar: Okay. Sir, then my second last question will be, sir, what do you think -- is it possible for the government can go for this duty exception that is our main demand of the industry? What is your views on that? Is there any progress there? Anything -- any comments on that?

Dinesh Nolkha: We have -- as an industry, we have always all been pursuing about this removal of duty. We -- in fact, we want that they should be permanently removed. We have a mechanism in India by which is a minimum support price. So there is a complete protection of the farmer. And also any increase in the input cost will automatically be increased in the minimum support price.

So there is no threat to the farmer because of any removal of duty or anything, which we have also seen when the last time the duty was removed for 4, 5 months. So we have been requesting the Finance Ministry as well as Textile Ministry and Agriculture Ministry to remove the duty for complete forever like it was possible from the year 2010 to 2021.

However, we have been also requesting that for immediate relief, this should be removed for first 6 months, and we can have a debate on this for a permanent removal. So there is a progress on this subject, but it only depends on the government, how they move about it and what -- how do they think about growing the textile industry.

Moderator: The next question is from the line of Lakshmi Narayanan from KSEMA Wealth Private Limited.

Lakshmi Narayanan: Sir, I want to -- could you throw some light on whether the forecasted weather conditions on El Nino would have impact on our inventory level going forward?

Dinesh Nolkha: As far as cotton is concerned, in India, we have -- since last year, there was good rains, we have good water reservoir available. And many of the areas, especially in the northern part and western part is based on the irrigated -- basically on the water, which goes from the -- all these reservoirs.

So as of now, till now, we are not expecting -- already the crop was lower last year, and we are not expecting the crop to go down from this level, even if there is lesser rains. And also the -- if you see the geographical distribution of the rains also, we find that in most of the cotton growing areas, we are not going much below the normal.

Moderator: The next question is from Reena Kashyap an Individual Investor.

Reena Kashyap: I have a few questions. One is on the -- your reply on the import duty on cotton. Could you elaborate on -- is there any communication on -- from the side of the government post December? Well media articles do state that the industry has asked for a removal again. But I was just wondering, is there any communication the industry has received from the government? That's my first question.

My second question is on -- you gave guidance for the margins being around 16% to 20%. Anything on the top line front? If not quantitatively, could you comment on what is the focus or how does Nitin Spinners expect to grow its top line in the next couple of years? And my third question was on the knitted fabric production, which was down. Could you comment on the reason for this? And how do we see this going forward?

Dinesh Nolkha: Yes. So first of all, your first question, communication with the government -- by the government. Normally, government does not communicate to the industry. It is the industry which communicates continuously with the government, and we have been putting our request and demand to various government officials and the ministers who are concerned with this. That is Finance Minister, Textile Minister, Commerce Minister and the Agriculture Minister.

And there has been a lot of discussions on this. Of late, our parent organization, CITI, Confederation of Indian Textile Industry have also released a white paper on the need of the -- to remove the duty permanently because if we want to grow the industry, we need to have a more pragmatic approach and need more raw material.

So that has already been there. And all the ministry officials, all the concerned people are aware of these facts. So there has been a continuous dialogue, which is happening. Various representations have been made. And also, we are receiving various -- I must say, concerns of the various ministries also in this. So there is an ongoing process. We expect to have a fruitful result out of this. So that is one part. Second part is…

Reena Kashyap: On the -- sorry to interrupt, just on the time line of that, how soon do you expect any?

Dinesh Nolkha: Madam, we cannot put the time lines to the government. Unfortunately, this is something --

Reena Kashyap: Just your sense of -- yes, just your sense of it, do you see that happening in the next 6 months, 1 year?

Dinesh Nolkha: yes- of course, it should happen. 6 months is a long period. We should be able to see this before that. But long-term solution, I still feel there will be -- they will need another 5 to 6 months. If they formulate a new textile policy, which covers all -- that all the raw materials are reasonably available, then this should happen earlier as well.

So that is something which we are pushing on from the industry side. Yes. And secondly, as you were asking about the increase in the top line as well as the revenues going forward. As you know, we have embarked upon a capacity expansion of more than INR1,000 crores, nearly INR1,100 crores. So this should yield us another more than INR1,000 crores in our top line going forward.

So that is one part. Apart from this, the normalization of the yarn prices should also contribute to about 5% to 7% of our existing turnover. We have degrown last year. We expect to recoup that plus some certain additional gain out of the present prevailing prices. So in all put together, we expect that we should be -- from here onwards, we should be easily able to add 30% to 35% of our -- to our existing revenue numbers.

Third question was regarding FY '28, of course, FY '28. And as far as knitting is concerned, as a knitting business, we have the major exposure on the knitting side, as you know, from India as well as from our company also was through the various brands across the -- in U.S. And that was one of the prime -- when the tariff was imposed, this being a low-value item, this was the 50% tariff, it could not handle the 50% tariff. So that's why we had to reduce our production on this side. Now as the tariff is reduced, it is now coming back to the normalcy level.

And we should be expecting the knitting fabric -- knitted fabric production to be better than what it was. But in this process in last 1 year, we also lost some of the customers to other competing countries, which we are trying to make up.

And hopefully, with the domestic demand of knitted fabric going up since the garmenting locally also will improve given the FTA with U.K. as well as FTA with Europe, we expect that the normal utilization level of 65% to 70% will come back to the knitted fabric in another 1 to 1.5 years.

Moderator: The next question is from the line of Harsh Mittal from Emkay Global Financial Service.

Harsh Mittal: Sir, I have 2 very small questions. First question being that we manufacture gas-based yarns. So have we seen any disruption in the manufacturing of the same given that the gas prices have doubled or rather 3x in the past 2 months after the outbreak of the war? And has that been accounted in the quarter 4 margins? That is my first question.

Dinesh Nolkha: First of all, in the yarn business, gas-based yarn is very, very small number. And the requirement of gas was also very small for us. We had a very small disruption of less than a day since we were having the stocks of gas. But of course, the costs have increased, and it is nearly -- at this point of time, it has gone up 1.7x from what it was in the February.

So in view of the overall cost, that is not significant at this point of time, and that is easily passed on also because it is a global phenomenon and not only a phenomena which is there only in one of the town.

Harsh Mittal: Sir, second question is that when we say the spreads are currently at INR120, INR125, how should we look at in terms of count? Is it 30 count, 60 count? What is the exact count specification we should look at?

Dinesh Nolkha: Basically, this is on an average of about 33, 34 counts.

Harsh Mittal: 33 and 34.

Dinesh Nolkha: Average 33, 34. on 30 count, if you go by the average spread, today, the average spread would be about INR120.

Moderator: The next question is from the line of Varun Poduval from SMIFS Limited.

Varun Poduval: I have just a few questions, and I think most of them were answered before this. My first question is on the lines of the utilization. The yarn utilization is approximately 99% and the fabrics are about 90% and above. So how do you see the next 2 quarters spanning out considering the incremental demand for the fabrics and the yarn? How do you plan on that before the capex gets executed? That is the first question, if you can answer that.

Dinesh Nolkha: Basically, the utilization, these are the peak level utilizations, given the complexity of the business. I think this is the kind of utilization will continue. Slightly in the summer period, some slight utilization comes down because of extraordinary heat. That is a normal process. So we expect that the utilization to be in the range of 97% to 98% for the yarn business. And for the fabric business, it will also be 90% plus only. So this will continue for next 2 quarters before the new capex comes on board.

Varun Poduval: Okay. So are we focusing more on the woven fabrics right now or if we look at the fabric segment or the finished fabrics more?

Dinesh Nolkha: So the new expansion is completely integrated. And whatever capacity we are putting on the woven side is also for the finished fabrics. So it will be a complete end-to-end finished fabrics only.

Varun Poduval: Okay. And my second question was on the side of the debt that you would be utilizing for the capex. You mentioned your total debt would be maxed out at INR1,900 crores odd. Can I just understand what would be the approximate average cost of borrowing for the same?

Dinesh Nolkha: Average cost of borrowing for us is about 5.6% -- average is 5.6% at this point of time. And the working capital, which is less than 7%. So that is the blended. If you blend it out, it should be in the range of 6.5.

Varun Poduval: Okay. And one more small question was on the lines of the geographies that you've added recently. So is there any major geographies that you've added and that you look into as a very big scope for improving your export business?

Dinesh Nolkha: As such, if see geographies, we have just increased our reach in the geographies. We are present in most of the continents at this point of time. Now since we are seeing FTA happening with New Zealand, already we were present in Australia. So that is an area where we are focusing, and that could be one of the areas where we can increase our footsteps going forward.

Moderator: Due to time constraint, we take one last question from the line of Uday Kumar from UK Capital.

Uday Kumar: Sir, just one last question on the war front. You already mentioned in the earlier that you have some delays pertaining to the Iran-U.S. war. To what extent it has impacted your logistic cost or revenue in that sense? Do you see still some impact going forward?

Dinesh Nolkha: First of all, as far as our revenues are concerned, we have no impact as our exposure to that particular area is very miniscule. So that is on the revenues, there is no impact. Yes, there is transit time increases for most of the destinations, especially going towards Europe and others. So there is an increase of about 2 weeks' time, the transit has increased. Plus, there is a sea freight costs have increased also.

Sea freight cost, there is an increase, especially for the Europe, there is an increase of about 75% to 80% increase in comparison to what was there in the month of February. And rest of the world also, there is an increase of about 15% to 20% given the increase in the crude prices.

Uday Kumar: So this will be impacted in the margins, right? Or are you passing on this?

Dinesh Nolkha: Most of the freight costs are normally passed on because most of the sales happen on the FOB basis, maybe some small impact comes in, which is already factored in already in our -- in the numbers like in March, in fact, since March, the prices -- the sea freights have normalized, what it was there in the March. So it is already factored in the numbers.

Moderator: Thank you I now hand the conference over to Mr. Awanish Chandra for closing comments. Please go ahead.

Awanish Chandra: Sir, before taking your closing comment, one quick question. Our new capex is anyway getting commissioned in the second half. And we understand that you will not have concrete number for future capex. But sir, any indicative thought related to future plan from you will be helpful?

Dinesh Nolkha: At this point of time, I will not be able to comment on the future capex as we have already -- as you see, apart from the capex, which we had done, we have already done an additional capex of about INR230 crores, INR240 crores on the energy side. So that is, again, out of the -- which was not originally planned before last year. Further, we keep on looking at various avenues available. At the moment, I cannot give any number, but definitely, there are many things on the drawing board. As soon as it comes up, we will definitely share with you.

Awanish Chandra: Continue, sir.

Dinesh Nolkha: With this, I would like to thank everyone for taking out the time to joining the call. And I hope we have been able to address all your queries. I also thank the SMIFS team and Awanish ji for hosting the call. For any further information, kindly get in touch with our finance team or our Investor Relations advisors. And thank you once again. See you all over again in the next earnings call. Thank you.

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