November 04, 2024

कार्तिक – शुक्ल पक्ष, तृतीया
विक्रम संवत, २०८१

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

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

Dear Sir/Madam,

Subject: Filing of Transcript regarding Investors' conference held on October 30, 2024

In continuation to our earlier communication dated October 16, 2024 and October 30, 2024 regarding Investors' conference on October 30, 2024 and pursuant to requirement of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith copy of the transcript regarding said Investors' conference held with the management on October 30, 2024 for your reference and record.

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

You are requested to kindly note the same.

Thanking you

Yours faithfully

For GHCL Textiles Limited

LALIT NARAYAN DWIVEDI
Digitally signed by LALIT NARAYAN DWIVEDI
Date: 2024.11.04 16:56:30 +05'30'

GHCL TEXTILES LIMITED

Lalit Narayan Dwivedi
Company Secretary and Compliance officer
Membership No.: FCS10487
Encl: transcript of investor call on October 30, 2024

"GHCL Textiles Limited

Q2 FY'25 Earnings Conference Call"

October 30, 2024

MANAGEMENT: **MR. R.S. JALAN – NON-EXECUTIVE DIRECTOR – GHCL TEXTILES LIMITED**
MR. RAMAN CHOPRA – NON-EXECUTIVE DIRECTOR – GHCL TEXTILES LIMITED
MR. MANU JAIN – GENERAL MANAGER, INVESTOR RELATIONS AND FINANCE

MODERATOR: **MS. SHEETAL KHANDUJA -- GOINDIA ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to the GHCL Textiles Limited Q2 FY25 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star and then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Sheetal Khanduja from Go India Advisors. Thank you and over to you, ma'am.

Sheetal Khanduja: Good afternoon everyone and warm wishes for Diwali. A warm welcome to everyone attending the GHCL Textiles Limited Q2 FY25 Earnings Conference Call. We have with us on the call today Mr. R S Jalan, Non-Executive Director, Mr. Raman Chopra, Non-Executive Director and Mr. Manu Jain, General Manager, Investor Relations and Finance. Please note that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces. I shall now hand over the call to Mr. Jalan for his opening remarks. Thank you and over to you, sir.

R.S. Jalan: Thank you, Sheetal. Thank you very much. Good afternoon and welcome to our Q2 FY25 Earnings Conference Call. Our results and investors' presentations have been uploaded to the stock exchange. I am joined by my finance and the investor relationship team. GHCL Textiles has established itself as a premium yarn manufacturer renowned for exceptional quality and a diverse product portfolio.

Our recent initiative has been crucial in driving growth. And I would like to highlight a few. Our focus on strategic customers, our expanding footprints into the export market and our entry into the fabric segment through an outsourcing model, enabling us to better understand the market dynamics.

Reflecting to our Q2 performance, our plant maintained optimum utilization level, revenue increased by 17.5% year-on-year, reaching to INR307 crores, EBITDA margin improved to 9.5%, resulting in EBITDA of INR29 crores, up from INR22 crores in the same quarter of last year. Our balance sheet remains robust, with a net cash surplus of INR92 crores. This resilience, despite industry hazards and challenges in the Bangladesh textile market, speaks to our exceptional operational excellence and strong customer relationship.

Our expansion plans remain firmly on track. We are committed to an investment of over INR1,000 crores, of which INR350 crores has already been deployed. The addition of 25,000 new spindles is progressing as per schedule, with operations expected to commence by June 25. We will also expand our renewable energy assets, which secures a long-term cost advantage and strengthens our sustainability credentials.

Beyond spinning, we will also invest in knitting, weaving and dye fabric production facilities to offer ready-to-cut fabric solutions to our end customers. Our balance sheet remains strong, with low leverage, allowing ample room for future growth. Cotton prices remain steady.

With favorable weather conditions, the crop outlook is positive, which should contribute to our crop price stability going forward. While the textile sector is poised for recovery, the precise timing remains uncertain. We are hopeful that H2 will perform better than H1.

Through our growth initiative, we aim to drive revenue growth and expand EBITDA margins with value-added products and a lean cost structure. GHCL Textile is well positioned and confident in its ability to benefit as the sector recovery unfolds. Thank you for your continued support and confidence in GHCL Textile Limited.

As we enter the festive season, we extend our warmest wishes for a celebration filled with delight, prosperity and joy. We now welcome any questions you may have.

Moderator: Thank you very much. The first question is from the line of Jatin Damania from Svan Investments. Please go ahead.

Jatin Damania: Good afternoon sir and thank you for the opportunity. Sir, just wanted to understand in the opening remarks you indicated regarding the increasing focus on the renewable energy. So, over a period of time, how do we see the sourcing of the renewable energy going ahead and how it will have a positive impact on our profitability?

R.S. Jalan: See, I think two things. As you have been seeing in the last couple of years, we have expanded our renewable energy assets and now currently we are almost around 62 megawatts of renewable energy. And this has really helped us in two ways.

One, this has definitely contained the cost because the inflation of the cost on this sector in particular if you look at Tamil Nadu, the cost of power has been consistently going up by the TNED. Our understanding is going forward, this increase of the power cost in Tamil Nadu will continue. And once we set up this project, my power cost I would say has significantly gone down over a period of, if I look at last 5-10 years, it has gone down as a percentage of revenues has gone down significantly.

We personally believe this renewable energy will help us to kind of contain our cost and to be not being impacted by the inflation with the power cost. Second, obviously that will also help us in kind of a sustainability initiative what we are aiming for.

Jatin Damania: So sir, can you help us in terms of identifying in terms of the per unit cost, what is the current per unit cost that you get from Tamil Nadu and post the renewable, what it will be?

R.S. Jalan: You see, right now the number if you look at in terms of the major cost which is coming in the renewable energy is only the interest and depreciation. Some of the assets which has already been depreciated to a great extent, the costs are coming maybe INR1 or INR2 kind of a situation. Whereas the Tamil Nadu cost is maybe around INR7 to INR8 kind of a cost.

Jatin Damania: In your opening remarks you also highlighted regarding the expanding footprint and if you look at your numbers, definitely export has started contributing to nearly 7.1% of your total revenue in the first half. So I just wanted to understand which are the regions that you are targeting and how shall one look at the export contribution going ahead?

R.S. Jalan: See, I think two things. First and foremost, we are primarily looking at the markets which are value-added segment into the export market. Our focus will always be on those products which are premium in the segment. And for that matter, our focus is more on the European market and to some extent in the Bangladesh market. But our dependence on the Bangladesh is less. Okay. We are not expanding our export footprint into the commodity market.

If you look at our synthetic footprint, you look at our cotton footprint, all the locations we are looking at only those. And our focus will be, which we ultimately want to achieve and once the market improves that, we will be in a position to improve. So going with this 21%-22% to something around 40%. But that will take some time.

Jatin Damania: And this will largely be a Europe market, right? Because as I was saying, Bangladesh...

R.S. Jalan: Yes, primarily it will be a European market. Maybe some markets will be like Bangladesh, some markets of Sri Lanka also, because they supply very premium products to the European customers. So those people who are ultimately exporting either from Bangladesh or from Sri Lanka, who are exporting to the European market, ultimately products.

Jatin Damania: How is the Bangladesh situation right now? Because definitely Indian textile industry tends to gain. But overall, have we seen any positive or the benefit to the Indian textile industry either in terms of the volume and prices globally because of the situation in Bangladesh?

R.S. Jalan: See, I have a little different view on this, on the Bangladesh situation. Two, one, Bangladesh is almost getting stabilized, okay? Second, the cost structure of Bangladesh will not allow the Indian producers to kind of compete with those kinds of a markets on a longer-term basis.

The third is, currently India does not have that kind of a capability of that kind of a size and scale to kind of cater to the Bangladesh kind of a customer requirements. So my understanding is, in the medium term, I personally don't see any major significant advantage coming out of the Bangladesh business. We will be good, I mean, India, as you know, India will be having an advantage of supplying that yarn to the Bangladesh market.

Moderator: Thank you. We have the next question from the line of Chintan Shah from Systematix Group. Please go ahead.

Chintan Shah: Hello, sir. My one question would be, if you see the current situation when the cotton prices are very low and if the yarn price is sustained, will the spread increase for you guys? Is it the right way to say?

R.S. Jalan: Yes, two things, Chetan. One, on one side, you are right that the cotton price I would not say low. If you look at the global price versus the domestic prices, still I would say that international prices are slightly cheaper. However, definitely on this level, once the market is slightly improved, the demand improves, the spread will definitely improve.

Chintan Shah: Okay. Thanks a lot, sir.

Moderator: Thank you. We have the next question from the line of Dhaval Shah from Girik Capital. Please go ahead.

Dhaval Shah: Question is with regards to our capacity addition of 25,000 spindles what we are doing Now, being this addition in light of the opportunity you mentioned about Bangladesh in yarn, so what is our strategy with regards to tapping that opportunity? Because we are seeing Europe as a lucrative market and we are focusing there as well as Bangladesh is seeing a big opportunity there for Indian companies. So how should we understand with regards to what is the opportunity lying for us?

R.S. Jalan: See, Mr. Dhaval, let me kind of slightly give you my thoughts on this. First and foremost, this 25,000 spindle which we are adding is a very strategic move of expanding our product basket. Some of the products which we are right now not present and for any customer the segment or the complete product basket is needed.

This 25,000 spindle will add to that. So that will definitely help us to kind of a overall product basket expansion. And this product will definitely go for the market, Bangladesh as well as to the European market and including the Indian market also. Because in all the places there are people who are exporting the product finally to the Europe. So, I would say that even in India there are many export units which are primarily selling to the European market or to the US market. So this will be getting to those markets.

In terms of the volume also, this will have a kind of a significant volume increase because of this 25,000 spindle. And in a longer run, our understanding as I have been saying in the past also, that our EBITDA on these kind of all these projects put together will be around 18% to 20%.

And beyond this, Dhaval, if I can say like I said in my opening remark also beyond that we are also looking at putting a knitting, weaving and the processing capacity to make sure that ultimately we become a supplier to the garment manufacturer directly instead of we are supplying only to the weaver or the knitters.

Dhaval Shah: Okay. So this forward integration is planned by what any timeline for this?

R.S. Jalan: Yes, there is definitely there is a timeline. Like this year we are completing the 25,000 spindle. Next year we will be starting the knitting investment and next 3 years to 4 years of time we will be completing the entire value chain up to the knitting and what do you call cut to fabric.

Dhaval Shah: Okay. And this fabric will again be more for export market or domestic market?

R.S. Jalan: No, again like I said, we will be targeting the customers ultimately who are the premium segment of the customer. Be it a domestic market, be it an export market. Like I said in India also there are many customers are there who want this fabric which ultimately go into the premium segment of the market.

Dhaval Shah: Okay, so sir, how do you define a premium segment with regards to your net realization of your yarn or fabric? What would it be to qualify as a premium product?

R.S. Jalan: There are two things in this as you very rightly asked. Two things which are important. One is ultimately we are understanding what is the end use of that fabric or the yarn which is going ultimately like suppose ultimately you are giving to someone who is producing the premium branded clothes. It is going for a high value premium segment of the market. And obviously the second as you rightly said, this definitely gives you two advantages.

One, your price volatility because there are many limited players to supply that kind of a high quality for these kinds of customers. So your price volatility comes down and obviously your margin is going to be better than the normal commodity space, but the most important in this is the volatility in the margin will get reduced.

Dhaval Shah: So thus the idea which you have been maintaining since couple of quarters that you see a sustainable, I mean your long term margin will revert back to 16% to 18% if I am not wrong. So by when do you see that margins coming in?

R.S. Jalan: See, for the timeline wise Mr. Dhaval, I can only tell you that the moment the market improvement takes place which comes to the normal. As we all know that last two years has been very bad for the textile industry per se. However, slight recovery you have seen. Like our results are very similar as compared to the last quarter of last year there is an improvement.

We expect that the moment this scenario gets changed and the industry becomes on a normal level, this kind of 18%, 20% margin will be there. Which historically if you look at last 10 years, 15 years of our data, you will find that kind of a margin on an average basis we have been maintaining.

Dhaval Shah: Okay, got it. And sir, do we have any plans to get into a more specialized kind of textile non-cotton-based like more of a technical textile segment?

R.S. Jalan: We do have, Mr. Dhaval, as an inspiration of that and we are working on that, but at this point of time, I don't have any firm plan to kind of share this with you.

Dhaval Shah: Okay, got it. Thank you very much.

Moderator: Thank you. We have the next question from the line of Yash Khanna from Ithought PMS. Please go ahead.

Yash Khanna: Thank you for the opportunity. My question is regarding the spreads. If you can highlight what were the spreads that we made this quarter and since you are saying that the cotton prices are now stable and hopefully…

Moderator: Yash, sorry to interrupt, but your line is not very clear. Maybe you could change your mode, your connection mode. The current participant seems to have dropped from the queue. We will proceed to the next question which will be from the line of Raman K V from Sequent Investments. Please go ahead. Raman, your line has been unmuted.

Raman K V: Can you hear me?

Moderator: Yes, you are audible.

R.S. Jalan: Yes Raman we can hear you.

Raman K V: Okay. So, my question is - Hello, can you still hear me?

R.S. Jalan: Yes. I can hear you.

Raman K V: Sir, I just wanted to know what was the spread in Q2 and what was the cotton dam spread in Q2 and was there any recovery seen in this October?

R.S. Jalan: Sorry, Raman, not very audible. First, you said it is spread, right?

Raman K V: Yes. I just wanted to know what was the spread in Q2 and was there any sign of recovery in the month of September? Recovery as in was the spread increased in the month of October as in like indication towards that the spread in Q3 will be better than Q2?

R.S. Jalan: First and foremost, Mr. Raman, I have never said that the spread in Q3 will be better. I have said that if the market is very volatile at this point over time, we don't know how the likely scenario will be, number one. Number two, just to be specific to your this thing, our spread margins I would say gross margin in the range of around 30% to 32%. And this is kind of a last few quarters has been on this level. In terms of improvement, I have already said that improvement will be visible once the market improves.

Raman KV: Okay. Can you highlight what was the industry -- at the industry level, cotton yarn spread in Q2?

R.S. Jalan: At the industry level, I don't have any idea because everybody produces a different kind of variety, different kind of a product mix.

Raman KV: What about our company, sir?

R.S. Jalan: I said already, my spread percentage is around, gross margins is around 30%-32%.

Moderator: The next question is from the line of Arman from Blue Sky Capital.

Arman: Yes. My first question is for two years we have seen that yarn industry has been going into a competitive space and a terrible space. But going forward, if we assume that it's, like in FY '26, if there is some reversal in our normalcy of that thing, then what kind of revenue potential we can see in Q2, our capex also will get into streamline. So what kind of revenue we can lock in and what kind of margin we can assume for FY '26?

R.S. Jalan: See, Mr. Arman, first and foremost, the revenue always depends on the per kilo yarn prices, right? But if I can take an average kind of -- like currently, it's the current price what we have right now. Our estimation should be that this year we should be clogging something around INR1,200 crores to INR1,300 crores kind of a top line. Next year, since the new capacity is coming in June, so probably you can take another INR200 crores on the revenue side adding to the FY '25-'26.

But if you look at the 2 years or 3 years once we complete our entire value chain, which I have just mentioned to you, this figure will be in the range of around INR2,000 crores-INR2200 crores kind of a revenue number. I am just talking about a hypothetical number which will be more of a, assuming that the yarn prices remain on the similar level kind of a situation.

Arman: And this 2,000 number you are saying for 3, 4 years is when we complete everything, right?

R.S. Jalan: Yes. And if you look at our -- sorry, go ahead.

Arman: No. I was just asking in the normal scenario like this and if something improves from here in Q2 we have new capex also, that also will streamline. Then what kind of margin at a conservative level we can assume that you can definitely clock in for FY '26?

R.S. Jalan: I have already said that our long-term average margin is in the range of around 15% to 18%. So we are expecting on a normal case, it should be around in that 18% kind of a number should be possible.

Moderator: The next question is from the line of Amit Khetan from Laburnum Capital. Please go ahead.

Amit Khetan: Hi. Thanks for taking my question. Jalan sir, so if I compare the first quarter revenue with the second quarter for this year, our revenues have gone up but our gross margin has declined. Now my assumption is that the cotton cost would have been fairly similar for both the quarters. So can you just help explain why the gross margin has declined? Is it because our revenues also include some raw cotton sales?

R.S. Jalan: Yes, Amit, you are right. If you look at our gross margin was gone down from 32% to 30%. This happens because of the two reasons. One is primarily because of the cotton, see some of the cottons which are still in the old Pima and all those things was in the older--- whereas the current prices had gone down. So these kind of implications will be there. But that's not a sustainable drop in a way I can say so, okay? So this will get recovered, this 2% will get recovered.

Amit Khetan: Got it. But have we also sold raw cotton, because that would also explain some of the margin decline?

R.S. Jalan: No, we never sell the raw cotton.

Amit Khetan: Got it. And my second question would be, given the outlook on stable cotton prices and a good crop going forward, what would be our cotton buying strategy for the year ahead? Like do we plan to stock up on inventory given that prices are fairly low right now?

R.S. Jalan: See, a very, very valid question and let me tell you we have a data of around 15, 20 years. We have done many kind of a thought process that how the cotton prices behave. So that's one of the expertise we have. And based on that, we have decided that this year probably we will not be going for an aggressive coverage and going for a long-term coverage. However, this may change if the dynamics get changed, because the cut off size right now looks to be good. But you don't know in next two months or three months what happens.

Second, suppose the total industry cycle gets changed and there is a lot of bullishness in the market, the cotton price will also go up. All good things will play out. Currently, we are not talking about a very high level of inventory. That much I can tell you. But this can get changed any time depending upon how we see the market scenario.

Amit Khetan: Got it. And lastly, if you look at the global demand, especially from western retailers, if I remember correctly, last quarter you were a little pessimistic. Has that changed? Is there a little bit more bullishness in the market right now?

R.S. Jalan: If I can tell you two things. If you look at some of the garment producers, you must have heard some of the calls of our customers. There seems to be some kind of a bullishness being viewed by those people. And obviously if the bullishness is there in their mind, obviously that will get reflected in our business as well.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Yes, Namaskar sir and thank you for the opportunity. The mix which we are trying to pursue now in terms of the knitted fabric, what should then be our blended margins going ahead as Jalan sab, you were alluding to the fact that we will be then selling garments directly to the people whom we are selling today the yarn and then we will be making a margin. So what should be then the profile of the margin profile second specially and what should be the mix when our capacity for the knitted side comes into play?

R.S. Jalan: See, Saket ji, there are two things I would like to highlight. One, definitely that will enhance our margin. So we are expecting something around, like I said earlier, our margin range is a range of around 15% to 17% kind of a margin. We are targeting 18% to 20% margin. But not only the margin expansion, this also helps the kind of you're directly in touch with the customers. Your stability of your product into the market and you are not getting impacted by the what you call from the volatility to that extent. So that also helps you. So that is one advantage.

In terms of the percentage, we have almost around, if my memory is correct, roughly around 30% will be in the range of from the fabric side, and 70% still will remain from the other side. In terms of the percentage, we have almost around if my memory is correct, is roughly around roughly around 30% will be in the range of in the range of from the fabric side and 70% still will remain from this training site.

Saket Kapoor: And when will we achieve this 30%-70% ratio, sir?

R.S. Jalan: Our vision is by 2029-2030 kind of a number, 5-6 years from now.

Saket Kapoor: Right, sir. And sir, you also spoke about, firstly sir, the presentation has been very good this time, I think, and a lot of effort has gone into it, so congratulations to the team for giving a very detailed presentation, even for outlining the client profile and other aspects in detail. Sir, if you could just outline, for the capex of INR1,000 crore, I think we have mentioned there that INR360 has already been spent, so how are we going to fund this, if you could give some colour, and then two more bookkeeping questions.

R.S. Jalan: See, Saketji, if you look at in terms of our current balance sheet, it is, we have a surplus cash on the balance sheet, right? And we have done kind of a, on a peak level, our debt will be in the range of around 300 something, sorry, it will be something around, our debt equity ratio will be 0.36, and the debt will be in the range of around INR500-INR600 crores. On its total, sorry, go ahead.

Saket Kapoor: No, no, sir, you are fairly complete, sir.

R.S. Jalan: Basically, as you said, Saketji, that as we know that we are very, what you call, committed to our debt equity ratio of 1 is to 1. In spite of such a peak investment, our debt equity ratio will still be around 0.36 or 0.4. Okay

Moderator: Sorry to interrupt, we request you to please rejoin the queue for follow-up questions. Thank you. We have a follow-up question from the line of Jatin Damania from Svan Investments. Please go ahead.

Jatin Damania: Sir, thank you, sir, my question has been answered.

Moderator: The next question is from the line of Muthukumar from Dharsini International. Please go ahead.

Muthukumar: Good afternoon. And my question is that just some time before we were discussing that we are focusing on value-added products. So, what is the percentage of revenue from commodity 100% cotton yarns and what is the percentage of revenue from value-added yarns?

R.S. Jalan: See, first and foremost, if I can tell you, the definition of the value-added product is different for the different people. What we call the value-added product is the product which are the premium in quality, which same count, same product, but you are supplying to the premium customer. So, we call that as a value-added product.

So, if you take that percentage, it is roughly around more than 40% is a value-added product. If you ask me what is the margin spread on that at this point of the time, I would very clear, the difference is not very significant in terms of the margin of both the products. So, we are building this portfolio where the customer loyalty, customer preferences, stability in the pricing are the major focus area for us.

Our penetration into the export market, these are more important for us. And obviously, in the medium term to long term, we will definitely have a better margin on these products.

Muthukumar: So, do you have any plans to diversify the cyber range, like moving out of cotton, focusing on man-made fibers like that?

R.S. Jalan: No, Mr. Muthukumar, we have two units right now and we are equally focusing on both our growth model. Like last year, we invested on 40,000* spindles of the synthetic space and this year we are spending 25,000 spindles into the cotton side. So, our presence will be in both sectors. (*please read as 40000 instead of 31000)

Muthukumar: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Rishikesh from Robo Capital. Please go ahead.

Rishikesh: Hi, thank you for the opportunity. Just one question. Exactly, if you could explain what has to happen for our margins to go from current levels to a range of around 18%?

R.S. Jalan: Only one thing, that the market, the demand of the products should improve and come to the normal level which is not there right now. As you know that in the last two years a lot of mills have not been able to run fully. A lot of people have run on a very sub-optimal level, some of 60%, some 70%. And overall, European demand, US demand has been very, very muted.

Now, like I said, the sign of recovery is being seen by our customers like the garment producers or the home textile producers. Once the normal demand happens the margin will go to that level.

Rishikesh: Okay, got it. Thank you.

Moderator: Thank you. We have the next question from the line of Raman K V from Sequent Investments. Please go ahead.

Raman K V: Hello, can you hear me?

R.S. Jalan: Yes, Mr. Raman, we can hear you.

Raman K V: Yes, I just have a clarification question. You said we will do INR1,300 crores top line this year and INR1,500 crores by 2026. And you also stated that we will do INR2,000 or INR3,000 crores top line in 3 years to 4 years.

R.S. Jalan: Yes, Mr. Raman, you very rightly heard that. What I have said that this year probably we will be touching around 1,200 to 1,300. And next year because of this 25,000 spindle there will be additional 200 addition and in 3 years to 4 years once we complete this plan, this will be something around INR2,200 to INR2,300 crores kind of a top line.

Raman K V: INR2,200 to INR2,300.

R.S. Jalan: Correct.

Raman K V: Okay, and so one more clarification. In the presentation, it was mentioned that we are doing INR10,000 crores of capex. Out of which INR350 crores have been deployed. What does this INR10,000 crores of capex include?

R.S. Jalan: I think the number is not INR10,000 crores, this is INR1,000 crores. Out of INR1,000 crores like last year we have already invested in synthetic one line which we have spent around INR350 crores. The current capex, which is going for this 25,000 spindle will be in the range of around INR200 crores. So all put together INR550 crores. Balance, as I said it will be more on three segments.

One is the knitting and weaving infrastructure. Second will be the processing segment. And the third will be green assets. These are the three segments we will be making this balance investment. This we have signed a kind of agreement with the government of Tamil Nadu to invest this into next 3 years to 4 years of time.

Raman K V: I didn't get the third part after knitting, weaving, infrastructure, processing, and then the third is green?

R.S. Jalan: Green assets like your solar and the green energy.

Raman K V: And, sir, one last question. What were the cotton prices in the previous quarter?

R.S. Jalan: See, every cotton, Mr. Raman, has a different, I mean, Pima has a different pricing, Indian cotton has a different pricing, but slightly I would say that if you look at in the market terms, the Indian cotton which is being known as the Shankar-6 or the Mech was I would say that around 58,000, 59,000 in the last quarter which is at this point of time I would call it October, November, which is the third quarter. It is ranging around in the same 57, 56, 57 kind of a number.

Raman K V: It should be stagnant.

R.S. Jalan: Almost stagnant marginal lower, but this may change in about one or two months.

Moderator: Thank you. We have a follow-up question from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Sir, my question about when we will be having this peak debt of INR500 crores to INR600 crores like you mention?

R.S. Jalan: Sorry, Saketji, can you repeat your question again?

Saket Kapoor: Yes, sir. When are we going to have this peak debt of INR500 crores to INR600 crores?

R.S. Jalan: It will be when we will be completing our entire project in 2028-29 kind of a number. At that time, this peak will be there.

Saket Kapoor: Sir, when we look at our tax expenses line item for this quarter, there has been some reversal of taxes. So, if you could just explain the nature and what is our current tax rate?

R.S. Jalan: See, Saketji, there is a clear note has been given into the notes on accounts, if you look at. Because of this change into the capital gain structured by the government in the recent financial budget which has reduced from 20% to 12.5% removing the indexation. So, because of that, deferred tax liability has been reduced. So, that is the reversal of that and the current tax rates are 25%.

Saket Kapoor: Correct. Thank you, sir. All the best to the team and Shubh Diwali to everybody.

R.S. Jalan: Thank you, Saketji.

Moderator: We have a follow-up question from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Sir, one question I had regarding this - our company, one product, which is required in preparing solar panels, this soda ash. Sir, we are seeing in India, there is a shift, which is happening in the energy landscape. That from coal or polluting materials, we are now moving towards renewable energy. And we are an NCD player as per my understanding. If my understanding is correct, then please throw some light on it. At what demand you are seeing?

R.S. Jalan: Are you talking about solar. Sorry, go ahead.

Saket Kapoor: Yes, sir. I was referring the use of soda ash in solar panels for manufacturing glass, which is required in solar panels. So, my question was, sir, what demand are you seeing in future, which can come? Keeping into account that there is a gradual shift, which is happening from coal, from gas, now we are shifting towards renewable energy and solar in a big way.

Keeping into account, just recently in Khavda and near Gujarat and Rajasthan, 6,000 megawatt project has already been installed. And the success the fruits have already been delivered. So, please share some light on it, sir. What demand you are seeing in this sector? And what is our company view on it?

How we are viewing solar panels as our, maybe, tying up with any company. Like we are seeing that 41:42 Waaree Renewables, there is a market cap is INR74,000 crores. That's the potential of solar manufacturing company or the company which are directing to solar sector.

R.S. Jalan: Saketji this call is for textile, right?

Saket Kapoor: Yes, but I had some view regarding, sir, because this is a golden opportunity to ask. That's why I took this opportunity. And if you can share your views?

R.S. Jalan: But I don't think we should mix up the two calls. You have that question, we can always talk on that other call. Okay.

Saket Kapoor: Okay, sir. I will wait for it.

Moderator: Thank you. We have no further questions, ladies and gentlemen. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

R.S. Jalan: Okay. Thank you very much to all of you. As I have been saying for last couple of quarters, there are three things which are very important for us. One are the growth, which I have just highlighted, in terms of our vision from a INR1000 crore to how to reach INR2,200, INR2,300 crores. And mainly moving towards the, I would say, premium segment of the product.

So, which have a better stability of the margin and better margin as well. The second, which is very important, again, is how do we make the efficiency and the cost a kind of a benchmark for the industry to make sure that we remain competitive and we remain. And in that, I would also like to add the third, which is very important, is customer serviceability.

As you know that this segment has a wider segment usage. And therefore, our focus of the entire team is how to understand the demand of the customers, demand which is likely to happen because of the sustainability shift which is happening into the product basket by all the consumers. So, how to identify those trends and to cater to those customers on a consistent quality basis so that we become, remain as a focused or a kind of a preferred supplier to them.

With this, and this all ultimately will lead to kind of a sustainable good margin of the number of 18% to 20%, that is our mission. And we are tirelessly working on that. My entire team is working on that. And we will be able to, I am sure that we will be able to deliver that kind of a number as the market improve.

With this, thank you very much to all of you and a Happy Diwali and wish that you and your family be enjoying this festive season with a lot of vigour and excitement. Thank you.

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