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SIL/2026-27/SE **Date: 08.08.2026**

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

Subject: Transcripts of Earnings Call of Sportking India Limited for Quarter Ended 30th June, 2026

Dear Sir,

Pursuant to Regulation 30 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed herewith transcripts of the Earnings call of the Company held on Monday, 03rd August 2026 to discuss the Company's Financial Performance for quarter ended 30th June 2026.

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

Yours truly,

For SPORTKING INDIA LIMITED

Lovlesh Verma
Digitally signed by Lovlesh Verma
Date: 2026.08.08 11:44:52 +05'30'

LOVLESH VERMA
COMPANY SECRETARY
(ACS: 34171)

"Sportking India Limited
Q1 FY27 Earnings Conference Call"
August 03, 2026

MANAGEMENT:	**MR. MUNISH AVASTHI – CHAIRMAN AND MANAGING DIRECTOR – SPORTKING INDIA LIMITED** **MR. SANDEEP SACHDEVA – CHIEF FINANCIAL OFFICER – SPORTKING INDIA LIMITED** **MR. LOVLESH VERMA – COMPANY SECRETARY – SPORTKING INDIA LIMITED**
MODERATOR:	**MR. PRATHMESH PARAB – MUFG INTIME INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Sportking India Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prathmesh Parab from MUFG Intime India Private Limited. Thank you, and over to you, Mr. Prathmesh.

Prathmesh Parab: Thank you. Good afternoon, everyone. Welcome to the Sportking India Limited Q1 FY27 Earnings Conference Call. Today on the call, we have Mr. Munish Avasthi, Chairman and Director; Mr. Sandeep Sachdeva, Chief Financial Officer; and Mr. Lovlesh Verma, the Company Secretary. I hope you have gone through our press releases and the investor deck.

As a short disclaimer before we start with this call, the call will contain some forward-looking statements, which may be based upon our beliefs, opinion and expectations of the company as of today. These statements are not a guarantee of future performance and will involve unforeseen risks and uncertainties.

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

Munish Avasthi: Thank you. Thank you so much. Good afternoon, ladies and gentlemen. I hope all of you had the opportunity to go through our investor presentation and earnings release. We are pleased with the strong start to financial year '27. During the quarter, we delivered healthy revenue growth along with a significant improvement in profitability. The quarter was particularly encouraging as the growth in earnings was driven by a combination of better yarn realizations, strong export demand and disciplined raw material procurement.

Despite some increases in raw material prices during this period, our strategic buying approach enabled us to effectively manage input costs and protect margins. Market conditions remained favorable during the quarter. We witnessed better realization across our product portfolio, particularly in cotton yarns, which supported the strong improvement in margins.

Demand from all the markets continued to remain healthy, and we are also encouraged by the outlook going into the second quarter. On the domestic front, we expect demand to remain supportive in the coming quarters, aided by the festive season and improving consumption trends.

From an industry perspective, the global textile and apparel sector is gradually recovering after a prolonged period of demand moderation and a lot of consolidation has happened in last few years. Over the last few years, the industry experienced challenges arising from inflationary pressures, inventory corrections across large retailers and weaker discretionary consumption in key markets.

However, with inventories largely normalized and demand conditions stabilizing, the business environment has become more constructive for textile manufacturing. We are also witnessing a continued shift in global sourcing patterns as India is emerging as a preferred sourcing destination for yarns.

The country's strong cotton ecosystem, large manufacturing base, proven execution capabilities and growing compliance is standard position favorably in the evolving global supply chain landscape. We believe companies with scale, quality and reliability such as us are well placed to benefit from the structural opportunity.

On the policy front, developments remain encouraging. The recently concluded India-U.K. free trade agreement and the progress towards a comprehensive India-EU trade agreement has the potential to significantly improve India's competitiveness going forward in key export markets over the medium term. We believe such initiatives will support growth, create new market opportunities and strengthen the long-term prospects of the Indian textile industry.

Coming to cotton, one of the positive developments for the industry has been the alignment of Indian cotton prices with international markets after prolonged period, during which the domestic cotton traded at a meaningful premium. This has improved the competitiveness of Indian spinners and created a more balanced operating environment.

While global cotton prices have shown some turbulence in recent months, we remain focused on prudent procurement and efficient inventory management. Our outlook on the new crop is getting better every day. There were initially some scares with the monsoon, but things have gotten better, and we expect same or better crop next year.

Another encouraging trend has been the improvement in global cotton yarn demand. Supply chain realignment, healthy export demand and increased sourcing diversification by international customers, which has supported the yarn realizations and profitability. These factors contributed meaningfully to our performance during the quarter and remain the same as we speak.

On the strategic front, I'm pleased to share that our solar power projects have successfully commenced commercial operations. This marks an important milestone in our journey towards sustainable and cost-efficient operations.

The project is expected to reduce our annual power cost by approximately 12% to 15%, while simultaneously increasing the share of renewable energy in our overall power consumption. In addition to the cost benefits, this initiative reinforces our commitment to responsible and sustainable growth.

Our 150,000-spindle greenfield expansion project in Odisha is also progressing as planned. We are very excited with that. Construction activities is underway and the first phase of production is expected to commence during the third quarter of the current financial year and we intend to finish our whole project within this financial year.

This expansion will provide the necessary headroom to support future growth, strengthen our market position and cater to increasing customer demand and newer geographies. We expect the project to start contributing progressively as we move ahead.

Looking ahead, we remain optimistic about the medium to long-term outlook for the Indian textile industry. Structural shifts in global sourcing, improving trade relations, a supportive policy environment and growing opportunities for big Indian exporters provide a favorable backdrop for future growth.

At Sportking, our focus remains to drive operational excellence, strengthen customer relationships, invest in future-ready capabilities and create sustainable long-term value for all our stakeholders. Thank you very much.

With this, we could be happy to take your questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Rehan Saiyyed with Trinetra Asset Managers.

Rehan Saiyyed: Sir, my first question is around your Europe side business. So Europe has shown now improving demand, while the India-U.K. FTA expect...

Munish Avasthi: Your voice is echoing. I really can't hear you what you're saying.

Rehan Saiyyed: Now it's clear?

Munish Avasthi: Yes, better. Can you just speak slowly?

Rehan Saiyyed: Yes. Okay. Sure, sir. So sir, my first question is around your Europe business. Right now, Europe has shown improving demand, while the India-U.K. FTA is expected to benefit Indian textile exporters. So have you already started receiving incremental inquiries or orders from U.K. customers? Or do you expect the benefits to materialize only after FY28 onwards?

Munish Avasthi: Okay. I think you're talking about the incremental demand coming out of the U.K. FTA, right? No, I think these things take time to play out. I think it has just happened last month, and we have not received any orders really which has been coming out of this U.K. FTA right now.

But we expect because it's a long-term and medium-term phenomena. I think once the people start doing sampling and they start getting orders, it will take 6 to 9 months for it to really show it on our order books.

Rehan Saiyyed: Okay. Sir, my second question is around your Odisha Phase 1. So Odisha Phase 1 is expected to commence production in quarter 3 FY27. So could you provide the expected spindle addition in Phase 1 plus the utilization ramp-up time line and the EBITDA margin profile once the plant receives optimal utilization?

Munish Avasthi: So we plan to start commissioning the plant somewhere in the next quarter. And we expect to ramp up the whole plant. It's a big plant. So it will take us around 5 to 6 months to fully ramp up. And I think by March end, we should be at about 90% capacity utilization for the whole plant.

So about EBITDA accretion, this plant has many incentives which are embedded. So we expect the margins coming out of that plant to be at least 300 to 400 basis points or even more than what we do in our old plants.

Rehan Saiyyed: Okay, sir. Okay. And sir, last one question from my side. Sir, just wanted to understand regarding the export market scenario. So has the competitive intensity from Bangladesh, Vietnam and China changed in your key export markets over the last 6 months? And are you seeing any market share gain because of supply chain diversification?

Munish Avasthi: So see, China has been the tipping point for what has happened in the last 8, 9 months. Chinese market was very subdued for last 4, 5 years. And we have seen an increased demand. So most of the incremental demand, which has come into India for yarn export is from China. Bangladesh continues to be steady as they were.

And China, we continue to see every month, we see them as a buyer. And we think that this is going to go on because there the cotton crop is also getting a little smaller. And right now, the cotton prices in China for the last 6, 7 months and what is expected in the next 6 months also are going to be much higher than the international prices.

So there's a lot of arbitrage they have to incentive to import yarn. So we feel this competitiveness is going to stay. And a lot of consolidation has also happened. So I think we can feel this is supposed to be the worst quarter, which we are going through.

And we still see a lot of demand in these times, which is pretty extraordinary. So we expect whatever has happened in the last 3, 4 years, all the consolidation, which has happened, the spindle which have shut down across the world, I think this is what is propelling this cycle.

Moderator: Next question comes from the line of Abhishek Shankar with ICICI Direct.

Abhishek Shankar: Congrats on the good set of results. So I just had a question on the inventory part. See, we've seen some uptick in the cotton prices over the past

Moderator: Mr. Shankar, sorry for interrupting. Your voice is breaking. Your voice is breaking, Mr. Shankar. Can you please come in the range and talk?

Abhishek Shankar: Yes. Is it audible now?

Moderator: Yes. Please go ahead.

Abhishek Shankar: Yes. So my question was regarding the inventory. So in the past 3 to 4 months, we've seen that cotton prices have moved up a bit. There has been some spike. So I just wanted to ask, sir, if I'm right, you might be procuring cotton in the cycle of about, say, 5 to 6 months?

So if you had procured a cotton, say, about October last time during the crop, so now there will be a new inventory that should come in, right? So will there be any impact on the cost of materials?

Munish Avasthi: So see, generally, we procure cotton for the whole season by February, March. So that's our normal procurement cycle and which we did this year as well. And prices generally go up in this period of time, almost every year because of the end of the season. So we don't have a problem right now. We are covered for like 4, 5 months.

And we expect the new crop to come early this year because of less rain predicted. So we expect by October, we shall start seeing moderation in cotton prices because right now, these prices are just because there's not much crop left. So I don't see much impact of cotton.

I think the most important thing is how competitive we are to the world, which is actually prices can be higher or lower. And we see Indian prices being competitive going forward because there's a lot of tightness happening in Chinese balance sheet and in U.S. balance sheet.

And while Indian, I think we will end up this year with formidable stocks, and we are expecting a good crop next year. So I think this competitive pricing should stay. So I think that is more important for us to maintain our margins.

Abhishek Shankar: Yes. Sir, just one more follow-up question to that. So considering the cotton prices will be favorable ahead, and you also highlighted in your comments that demand continues to remain strong. So we can expect the cotton and spreads to move further from here in Q2 and Q3?

Munish Avasthi: See, again, in this macro environment, we really can't comment too much going forward. But yes, the current quarter looks to be similar or even better than what we have delivered this last quarter.

Moderator: Next question comes from the line of Manoj Yeddnapuri with Infinite Financial Services.

Manoj Yeddnapuri: Good set of numbers. And I just have a few questions. So as of last quarter, you had roughly around 90 days of export and sales book and 2 quarters of spread visibility, if I'm not wrong. So rolling that to today, so what does your current book visibility look like? And are you still seeing that order strength or any early signs of buyers pausing for now as of the spreads are nearly around already 3 years of high?

Munish Avasthi: So we continue to see this is generally our strategy. We have an order book ranging from 70 to 90 days in any year, whether it is this year or even the last year or whichever year because this is our policy we work to manage our risk of having higher inventory. And we continue to do that. We still have the similar kind of order book as we had end of the last quarter.

Manoj Yeddnapuri: And second question is on the solar power plant, which recently got commissioned. So how much of the guided annual savings has actually like flow through this quarter, if you could elaborate on that on the operating expenditure side?

Munish Avasthi: Sorry, what I didn't get it about solar power, what do you want to know?

Manoj Yeddnapuri: Yes. Basically, how much have you guided annual savings, right, previous quarter?

Munish Avasthi: Previous quarter, the saving was very, very marginal because it was operational only for 10 days.

Manoj Yeddnapuri: And this quarter?

Munish Avasthi: So this quarter, it shall be much more, yes.

Manoj Yeddnapuri: And one last question. So what's your visibility on the recent cotton import duty? Is it like do you expect it to be a very long period? Or do you seem to already price in with your FY27 guidance? Like what do you expect about it?

Munish Avasthi: So right now, this import duty is the resumption is still 31st October. And so we have planned accordingly. And we are talking to the government to extend it. So those talks are still going on and government is listening to us. And hopefully, we'll get a favorable solution to that.

Manoj Yeddnapuri: So could we like expect any fresh incremental upside from here?

Munish Avasthi: Not in the medium term because we already have the inventory for next 2 quarters. So we are telling the government to remove the import duty because that solves this hanging sword all the time. So anything if government does that, it will help us in sourcing competitive cotton going forward, and we can choose from wherever we want to buy.

Moderator: Next question comes from the line of Gunit with Counter Cyclical PMS.

Gunit: Sir, what was the cost of procurement of cotton in Q1 and the realizations that we had for our products?

Munish Avasthi: So I can share you with you the spreads actually. We don't share the cost and all these specific numbers. So the overall spread was INR133 vis-a-vis INR107 last quarter.

Gunit: Got it. So we generally have around 90 days of inventory. So now that you mentioned that the cost of procurement is going up, can we expect the spreads to go down? I mean, even though you mentioned that this quarter is even stronger than the last quarter, I mean, the coming quarter. So I mean, how is...

Munish Avasthi: So thing is we always have an order book of 90 days, and the prices have gone up in the last 90 days. So even the raw material might have shifted up a little because most of our purchasing was done 3 months back.

So the spread because the order book, what we had last quarter was at a lower price than what we have right now. So that will increase the spread because the prices have gone up by about 10%, 11% in the last quarter.

Gunit: Got it. Sir, in terms of annual cost saving of the solar project, so can you quantify the number for an annual run rate?

Munish Avasthi: It should be around INR15 crores with this solar park, yes.

Gunit: Got it. And in terms of the new capex, which we are guiding to add to our production in Q3. So if we can get a range of how much additional production can we expect from that new greenfield project in Q3 and onwards?

Munish Avasthi: So right now, we are not considering anything for Q3, but whatever we get will be bonus. But in Q4, we expect almost 30% to 40% of the revenues of the total potential to kick in.

Gunit: Got it, sir. And my last question would be in terms of our product mix. So has there been any change in the product mix if we compare year-on-year? And what is the percentage of value-added products in our total volumes in Q1?

Munish Avasthi: So the definition of value add is very different for everyone. So there has been a slight shift not in the product mix, but maybe different blends. We are running more blends. We are running different counts. But otherwise, there's not been much different in what we do, what we did last year other than we are doing it more efficiently. That's it.

Gunit: Got it. So most of the delta is just because of higher price realizations rather than any change in product mix?

Munish Avasthi: No, it's a little bit of product mix and a little bit of better conditions because last 2, 3 years were pretty dismal from the demand point of view. So yes, most of it has to do with the spreads and better efficiencies.

We have worked a lot on our efficiencies. Our number of people we employ has come down, with the same production and better cheaper power. And so there are many things which have cumulatively helped in these margins.

Gunit: Got it. And sir, do you believe that these higher realizations are sustainable for the coming year? And have we also added any new clients to our existing clients? And have we also, I mean, started exporting to China where you mentioned that we are witnessing higher prices?

Munish Avasthi: So it's not that we are getting higher prices in China. It's just that China has come as a big buyer for the country as a whole. So it has made the whole complex go higher. The demand has been more, so the prices have moved up.

Talking about the new additions of clients, which is ongoing. We keep on adding and subtracting the clients. This is an everyday phenomena. So there's not much change to it. What was your other question?

Gunit: Got it, sir. So basically, I mean, most of the higher prices is due to the better demand in China. So tomorrow, say, for some reason, the demand environment in China again depreciates. So I mean, is it likely that the prices would fall back again to the normal levels considering that is the only catalyst right now?

Munish Avasthi: No, it is not the only catalyst. It has given an impetus to it. And out of which we make almost 400,000 tons every month, and China is just buying 20,000 tons. So it's a very small minuscule portion of Indian textile basket. So we don't expect China to go out of the system because there are some inherent advantages. Chinese have to import in India.

But we see a lot of other factors coming in that Bangladesh is struggling with the spinning lately because of gas prices and capital prices. And then we see from next couple of quarters, we see the traction coming out of these FTAs, and we expect Indian demand to go up significantly.

So these things will keep on playing part. So some things will go bad and some things will do good. So we can't really predict what's going to happen. But overall, things look good.

Gunit: Got it. And now with the U.S. tariff thing past us, did we see a jump in our exports to the U.S. in this quarter? And what is the outlook, I mean, for the financial year?

Munish Avasthi: So we don't export anything to U.S. directly. But we have seen a lot of our vendors who export to U.S., Their lifting has gone up in the last 6 months. So we see a clear trend of those customers who were not buying initially or buying very less quantity from us have almost doubled their offtake. So yes, I think that has, of course, helped in the last 6 months.

Moderator: Next question comes from the line of Prateek Shrivastava with Nivesh Wisdom.

Prateek Shrivastava: Sir, again, congratulations on a great set of numbers. Sir, my question is of this 18.8% EBITDA margin, what can be attributable to this temporary cotton import duty? And more importantly, is this margin sustainable in the long run?

Munish Avasthi: So see, this specific import duty, which has come right now will help us in the future because this has just happened right now when we had already procured our raw material for this year. So there is no contribution for this duty for these numbers. But of course, this will help us in our forward numbers. And about sustainability of the margins, so it's a very difficult market to predict what's going to happen in the future.

But in the medium term, yes, I think for next 2 quarters, we shall be in and around these percentages. And going forward, we, as a company, think that we will get a lot of lift from our Odisha plant once it kicks in next year fully. And that will definitely give us a better margin than what are the margins, right, like what are the normal margins. So these might be a little elevated margins.

But if you see the turnover has also gone up. So if you see the absolute EBITDA numbers, I think they shall be higher. But in percentage terms, we can be a little bit up or down after 2 quarters. But I think the absolute EBITDA number should keep on trending higher next year also.

Prateek Shrivastava: Got it, sir. And sir, just continuing on this, sir, we saw that even in FY22, our margins were very high. I think it went somewhere around almost 23%, 28%, somewhere around that. Then again, it went down from 23% to 26% and went back again from 9% to 13% range.

Now again, we're seeing 18%. So we see that, of course, the business is highly cyclical commodity based driven business. Now with Odisha capex also coming up, what is management taking action to make it more structural business and not this highly cyclical commodity business?

Munish Avasthi: I think, that year was an aberration. Frankly, if you ask me, 28%, there was a lot of issues of supply chain disruptions and there were many duplication of orders. So that year was an aberration. But otherwise, we expect the long-term margins to stay after our Odisha plant around 15%.

So what we are doing for that is like, first, we are putting up a new greenfield project, which makes us geographically more competitive. We have better government support from there. And we keep on making ourselves lean with automation, modernization on time and a lot of investment in our energy.

So all these things are making us more efficient, which will help us in having more consistent margins around 15% for the company even in bad times. And so this 28% and year was an aberration. So I won't take it as a benchmark for the volatility of margins. Otherwise, they stay between 12% to 14%, which is where we are comfortable actually.

Moderator: Next question comes from the line of Prerna Jhunjhunwala with Elara Capital. Since there is no reply from the line of Ms. Jhunjhunwala, we'll move to the next participant. That is Raman KV with Sequent Investments.

Raman KV: Can you hear me?

Munish Avasthi: Yes, please.

Raman KV: Sir, you mentioned that the spread during the quarter was INR133 per kg. And you also mentioned that the raw material the cotton prices are on an increasing trend. So after 2 quarters when our low-cost inventory gets used up, when we buy, will we be able to pass on the high cotton inventory to the end-use customer? I just want to understand whether this INR133 per kg spread, is it sustainable for, let's say, 1 or 2 years down the line?

Munish Avasthi: It's very difficult for me to predict right now. And we are expecting cotton prices to come down from where they are once the new crop comes in. And we don't need to go up a lot within this and then in our order book, or whatever we did last quarter, we didn't capture the real highest prices. So the impact of stock, the inventory gain was very miniscule.

So overall, what we see is that in last 6 months, if you buy cotton today and you sell cotton today, those margins, those spreads have also significantly gone up than what it was last year. So the impact of inventory is a little bit is there, and it will be most of it will be reflected in the next 2 quarters rather than what it was in the last quarter because last quarter, if the price of cotton was lower, then even our average price of yarn was also lower because we keep a 90-day book.

Raman KV: Understood, sir. And sir, with respect to new capex, which will be like you are investing INR1,000 crores in Phase 1, wherein we will have 40% capacity addition. So from what I can see, this will increase our quarterly revenue run rate by INR250 crores to INR300 crores. So for next year, let's say, FY28, what utilization are you expecting it? Can it reach 96% utilization?

Munish Avasthi: Of course, that's our target that we want to reach 96%, 97% utilization by the start of the next financial year.

Raman KV: And sir, my last question is on the export side. Exports have been around 50% of our business, and it grew at slower pace when compared to the overall revenue. So mainly because of the Middle East crisis. How are you seeing the demand on the export front for the coming quarter? And will there be any significant impact in Q2?

Munish Avasthi: So first of all, Middle East crisis didn't have any much impact on demand. So I think every quarter, we keep the similar kind of target for our exports. Sometimes we export more and sometimes we export less.

But overall, our focus is always to go at 55% to 45% within this range. So this will stay as and we see a lot of demand from exports. So this is not something which was by design. It's just that maybe some domestic orders were executed first.

Moderator: Next question comes from the line of Bhavika Singhvi with Niveshaay.

Bhavika Singhvi: Sir, I have a follow-up question on the previous one. On the export side, apart from Bangladesh, are we seeing any demand from other regions? And how we are doing apart from Bangladesh to other regions, including China? If you can comment on that?

Munish Avasthi: Yes. So see, China and Bangladesh are the most prominent importers from India. So out of a basket of 115,000 tons run rate what we are doing right now as a country, I think around 75,000 comes from these 2 countries.

So we have the similar kind of spread when we talk about our exports. So 60% to 70% of our export is to these 2 countries and rest is divided between many countries. So we have a similar kind of exposure as our country has for exports.

Bhavika Singhvi: Got it. So currently, as you said that there has been like a slowdown in the Bangladesh like this quarter, particularly, Bangladesh has been like a muted one. So can you give us the understanding that how Bangladesh we expect in the coming quarters and going forward? Are we expecting a recovery from there or like the demand scenario, if you can.

Munish Avasthi: Ma'am, I think you misunderstood me. What I was referring to was the spinning sector in Bangladesh is undergoing a crisis. And because of that, it is helping us in stimulating more demand out of Bangladesh.

So Bangladesh is doing fantastically well right now and it continues to do well. And we expect it to do even better going forward with all the crisis we are having there of energy crisis and all these crisis among the spinning mill there. So there is no problem with Bangladesh demand.

Bhavika Singhvi: Got it. And the second question is regarding the acquisition, which we have planned. So when we are expecting it to be reflecting in the books? And how much addition we are expecting from those acquisitions, the fabric and the garment division?

Munish Avasthi: Well, that is still under progress. Unfortunately, it's taking a little more time than what we envisaged, but I think it maybe take another 1 quarter, and we expect the full impact start coming, which will be around INR250 crores from next financial year.

Bhavika Singhvi: Okay. And the greenfield expansion, which we are expecting to go live in this next quarter, are we expecting any contribution in this financial year from that capacity or it will be fully like commercialized from the FY28, like it will start contributing from FY28.

Munish Avasthi: No, I think we expect to get handsome revenue out of that unit from quarter 4 this year also. And we expect to start getting it fully in from next financial year.

Moderator: Next question comes from the line of Abhishek Shankar with ICICI Direct.

Abhishek Shankar: So this is regarding the merger only. So just a follow-up to that. So I think you mentioned last time that you will be doing it in way of cash or by issuance of shares. So is there any update to like is it going to be a preferential issue? Or how much cash is going to this year? And other thing is what will be the peak debt post-merger?

Munish Avasthi: So the merger will be predominantly preferential shares. So there will be a small outflow of cash. I think it will be less than maybe around INR25 crores, INR30 crores. I think merger won't have a lot of debt involved. So I think there won't be any incremental increase in debt because of that.

Moderator: Next question comes from the line of Pushkar Jain with Mili Capital.

Pushkar Jain: Congratulations on great set of numbers. I just wanted to know about the incentives that we are going to receive as part of Odisha investment. So if you can give some light on that?

Munish Avasthi: So we are going to get INR2.50 subsidy on the power, whatever we use. And then we have a capital subsidy of 30%. And then we have some land subsidy, which we are going to get after we have a specific number of employment. And then there is an employment subsidy, which is about INR7,000 per employee. So these are the major subsidies.

And of course, there are other geographical advantages like we can cater to the Eastern part of the world, which we are doing right now from North, which will help us in cutting down our transportation cost.

Pushkar Jain: 30% of capital subsidy, right?

Munish Avasthi: 30% of the capital subsidy on the plant...

Pushkar Jain: Right. So any amount that...

Munish Avasthi: There's no cap to it. So whatever we spend, we'll get 30% of it.

Moderator: Next question comes from the line of Deeya Jain with Sapphire Capital.

Deeya Jain: Sir, am I audible?

Munish Avasthi: Yes, please.

Deeya Jain: So how much are we investing in the greenfield project? And also, can you explain the capex that we are targeting for the next 2 to 3 years?

Munish Avasthi: So ma'am, right now, what we have announced is about INR1000 crores, INR975 crores and which will be completed by the end of this financial year. And beyond that, so we have got land for we can triple our capacity at Odisha. We have that kind of land there.

So rest, what we spend in the future in next 2, 3 years will depend solely on our balance sheet. If our balance sheet will allow, we have a lot of plans. So we are just looking at our balance sheet, and we know what kind of leverage we want to take. So we will take those decisions as we feel comfortable with our balance sheet.

Deeya Jain: Okay, sir. And with the improved realizations, how much growth are we targeting for this year and FY28?

Munish Avasthi: So this year, last year, our top line was around INR2,500 crores. So this year, we are expecting somewhere around INR3,000 crores. So that's what 20% up. And next year, with the new plant, we see this going up to around more than INR4,000 crores.

Moderator: Next question comes from the line of Raj Patil with RK Investments.

Raj Patil: Congratulations on the great set of numbers. Sorry, but missed the previous part, I have joined the call late. So just wanted to confirm that post after the proposed forward integration, what percentage of revenue do we expect to come from the value-added products such as fabrics and garment over the medium term, let's say, 5 years?

Munish Avasthi: 5 years is too long a time for me to give an answer to because we have a lot of plans for our garment and fabric division, which we will announce once we are more comfortable and we have more visibility. But in next 1 year, we would say around 10%.

Raj Patil: 10%. Got it, sir. And my next question was with regards to the solar project. So as we have now commenced the operation, so have we started seeing realization for the anticipated power cost savings? And how should we expect the full benefit from Q2 onwards?

Munish Avasthi: Of course, we got only 10 days of power from that project in last quarter. But of course, we expect the full 90 days to kick in from this month. And so of course, whatever power will be generated depending on what kind of weather we have, we will start getting this full benefit from this quarter.

Raj Patil: Okay, sir. And sir, any guidance for this solar project for the full year?

Munish Avasthi: So that we had shared that. It should be around INR15 crores.

Raj Patil: INR15 crores.

Moderator: The last question comes from the line of Pahal Sharma with DD Capital.

Pahal Sharma: So I have some questions with me. First is that given that current yarn spreads have reached multiyear highs and also such spreads have historically attracted fresh capacity additions. So I just wanted to ask that what gives management confidence that spreads will remain healthy for a longer period?

Munish Avasthi: So we give a long-term guidance of once a new project comes in a guidance of 15%, and we'll stick to that. So that is a safe number to give. But we see upward bias towards it because of many reasons. A lot of consolidation is happening and the difference between the margins of a small player and big player is increasing.

So, and we don't expect,this market has been pretty good for the last 6 to 8 months, but we haven't seen any projects which have been announced. And we also announced this project much before the things got good because we go by our balance sheet. So we don't see a lot of rush for people to put in spindles in this environment.

And we don't see everybody doing similarly well because right now, a lot of benefit is to the big players because of the compliances. The Europeans need all the compliances. It is not very easy for small players to spend a lot of money. We have spent almost INR100 crores in the last 2, 3 years for compliances.

So all these factors which are becoming more important lately are giving some edge to big players. So I think we feel that this will help us in maintaining these margins in the cycle we are in now. And the 18%, 19%, 20% might not be sustainable in the long-term, but we expect them to be healthier than where they were in last 2, 3 years going forward next year.

Pahal Sharma: Understood, sir. And my next question is regards like could you elaborate on the strategic rationale behind the proposed acquisitions of Marvel Dyers and Sobhagia Sales? And also, like by when do you expect these businesses to start contributing meaningfully like to revenue and the profitability?

Munish Avasthi: So of course, because these are the businesses we have been for the last 30, 35 years, but we have not scaled them up. And now looking at what is happening around the country with all these FTA signings being signed and everything, we see a huge opportunity in these businesses.

And so this acquisition will give us a foray into these downstream businesses and our company, the financial strength of our company will give us a muscle to hire better talent, more talent and to make a road map for future growth of these businesses. We are working on that.

And I think by next 6 to 8 months, we shall share with you the vision for what we have for our downstream businesses. But in the short-term, we expect these businesses to start contributing to the tune of 8% to 10% to our top line and anywhere close to the similar kind of EBITDA what we have in our bottom line from next year.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to the management for closing comments.

Munish Avasthi: Thank you so much. Thank you, ladies and gentlemen, for joining the call, and we appreciate your continuous patronage of us, and we hope that we continue to deliver as we did this quarter going forward. Thank you.

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