Sportking INDIA LTD.

(Govt. Recognised Four Star Export House)

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SIL/2023-24/SE **Date: 29.01.2024**

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

Subject: Transcript of Earnings Call of Sportking India Limited for quarter/nine month ended 31.12.2023

Dear Sir,

Pursuant to Regulation 30 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed herewith transcript of the earnings call of the Company held on Tuesday 23rd January 2023 to discuss the Company's Financial Performance for quarter/nine month ended 31.12.2023.

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: 2024.01.29 10:37:52 +05'30'

LOVLESH VERMA
COMPANY SECRETARY
(ACS: 34171)

"Sportking India Limited
Q3 and 9M FY24 Earnings Conference Call"
January 23, 2024

MANAGEMENT: **MR. MUNISH AVASTHI –CHAIRMAN AND MANAGING DIRECTOR –SPORTKING INDIA LIMITED**
MR. SANDEEP SACHDEVA – CHIEF FINANCIAL OFFICER –SPORTKING INDIA LIMITED

MODERATOR: **MR. DEVANSH DEDHIA – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Sportking India Limited Q3 and 9 Month FY24 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 the 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. Devansh Dedhia. Thank you and over to you Mr. Dedhia.

Devansh Dedhia: Thank you Yusuf. Good evening everyone. On behalf of Sportking India Limited, I extend a very warm welcome to all participants on the Q3 and 9-Month FY24 Financial Results Discussion Call. Today on the call we have Mr. Munish Avasthi, Chairman and Managing Director, Mr. Sandeep Sachdeva, Chief Financial Officer.

Short disclaimer before we start this call, this call will contain some of the forward-looking statements which are completely based upon our belief, opinion and expectation as of today. These statements are not a guarantee of future performance and will involve unforeseen risks and uncertainty.

With this, I now hand over to Mr. Munish Avasthi, sir, for his opening remarks. Over to you, sir.

Munish Avasthi: Thank you, Devansh. First of all, good afternoon and Happy New Year to all the participants, we welcome all of you for this earnings call. I hope everyone has had an opportunity to go through the investor deck and the press release that we have uploaded on the Exchange.

The last quarter was a quarter of two halves. The first 45 days, we saw very good export demand from our key market, Bangladesh. The other market, China, was a little subdued and domestic demand was in total doldrums. But in the last 45 days of the quarter, the domestic market picked up post-Diwali and demand has been robust. While Bangladesh market became a little subdued because of the impending elections there and China continued to be subdued.

Locally, we saw that segment-wise, weaving did pretty well. And denim, after a long time, we saw the demand picking up a little and knitting continued to be subdued throughout the last quarter.

Looking ahead, we have seen in the last 15-20 days, we have seen some uptick in demand in key markets of Bangladesh and China as well. Domestic market continues to do well. We have seen some uptick in the demand for knitting yarns also after a long time.

The cotton prices are at the lowest level relative to international prices for almost 3-4 years, which is a good development. The outlook according to us is much better than it has been for the last 6-7 quarters. The western market is our key consumers, seem to be done with their stock rationalization.

Because of the Red Sea issue, we have seen some positive effect on some pre-ponement by some buyers because of the amount of time being taken because of the alternate route. Though it has affected us, our freight costs have gone up in some markets, which is a very small portion, that is about 5% in some markets because of this Red Sea issue. So, in totality, we see that the last quarter was something we could see some progress in long, subdued conditions we have seen, especially in the domestic market.

The local market has been down for almost 6-7 months and we saw a sharp uptick in post-Diwali, which has continued for the last 2 months now. And we saw -- the margins couldn't improve that much because there was a lot of capacity idle going on across the spinning sector in India, which has now started to fill up more than before. So, we expect -- the volumes have increased, we expect the margins to start expanding slowly and steadily over the next 2-3 quarters.

Another development was that the remaining capacity for our rooftop solar project has been totally operationalized as of now. The company has full 25 megawatts of power available for captive consumption. This has been a very important step to keep power costs in check. Now that the company operates at a larger scale than before and it's also a small step towards sustainability. I will now hand over the call to Mr. Sandeep Sachdeva, who will take you through the financial performances of the company.

Sandeep Sachdeva: Thank you Mr. Avasthi. Good afternoon everyone. For Q3 FY24, Sportking India Limited achieved revenues from operations of INR598.7 crores up 16.7% year-on-year and a minus 4.7% quarter-to-quarter basis.

Shares of export to revenue was 48% as compared to 42%* in the previous quarter. Exports have grown 46% Y2Y from INR196 crores to INR287 crores. The gross profit stood at INR134.4 crores up 26.4% on Y2Y basis and 14% on quarterly basis. EBITDA for the quarter was INR48.7 crores with EBITDA margin of 8.1%.

*** The share of exports in Q2FY24 was 52% and not 42%**

The EBITDA margin improved about 32 bps Y2Y and about 183 bps on quarter-to-quarter due to higher gross profits as company benefitted from lower input costs as well as controlled rise in employee costs. Profit after tax was INR13.8 crores with a margin of 2.3%. PAT declined 11% on quarterly basis on account of higher other income in Q2 FY24 and 23.5% on yearly basis due to rise in depreciation and interest costs.

For 9 months FY24, revenues from operations was INR1,766 crores. Gross profit was INR370.6 crores with a margin of 21%. EBITDA for 9 months was INR138 crores. Thus, EBITDA margin was 7.8%. Profit after taxes was INR447.5 crores with a PAT margin of 2.7%. I would like to reiterate that reason depreciation has jumped up for the current financial year is because of capex for increasing spindles as well as addition of rooftop solar was put to use during the start of the current year.

Thank you. I request now moderator to open the floor for question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from Aniket Kulkarni from BMSPL Capital. Please go ahead.

Aniket Kulkarni: Good afternoon and thanks for the opportunity. I had a couple of questions. Is there a slowdown in the China economy affecting the company's operations in any way? Either a direct effect or a spill-down effect if you can explain?

Munish Avasthi: Thank you for the question. Yes, definitely. The Chinese market has been one of the key markets for our exports historically. Not specifically for our company, but for our country it has been the key market. And the slowdown has affected, but lately we have seen in the last 2-3 months, last one month we have seen some uptake in the demand from China as well.

I think the biggest impact from China has been in the synthetic yarn market rather than cotton yarn market. So there is some down effect, but it is more pronounced in synthetic yarn than in cotton and cotton-blended yarns.

Aniket Kulkarni: Okay. I have a couple of other macro related questions also. Does the company benefit in any way if textile capacities are shut down in Bangladesh due to the recent labour unrest which was going on? Does this benefit the company or it harms us?

Munish Avasthi: So I think the recent reports of the slowdown or shutdown in Bangladesh was misreported. For us, Bangladesh is a very key market. Almost 60% of our exports to Bangladesh and it definitely hurts us more than it benefits if there is some disruption in Bangladesh.

But we have not seen anything of that sort. Of course there was a slowdown in purchases from Bangladesh vendors, because of the impending election and because of the fear of some sanctions. There were rumours of sanctions being imposed by US and EU which has since not happened and the business is back to normal since then.

There were elections on 7th January and from 15th January they are back. They were not buying for a month, not that aggressively, but I think they are back on the table now. Things are back to normal.

Aniket Kulkarni: Okay. Do we stand to benefit from the UK free trade agreement, if it materializes, because the textile duties are expected to come down?

Munish Avasthi: Most definitely. UK doesn't import any yarns, but of course the Indian garment sector will benefit hugely and in turn we being a key supplier to those vendors, definitely it will be a big boost in the longer term. In short term it will be good for confidence. But in longer term UK can be a big market for garment exporters from India. So definitely it will be a huge benefit for us in the long term.

Aniket Kulkarni: One last question on capacity. If you operate at full capacity including the new ones which have come, what kind of revenues can you achieve?

Munish Avasthi: So we are fully right now, I think this is the top. So we are looking at revenue of anything between INR2400 crores to INR2500 crores for the full year at this capacity. So we are working at almost the full capacity. So this is going to be at these prices of yarn, this is going to be our run rate for the time being. About INR600 crores plus minus 5% for every quarter.

Aniket Kulkarni: Okay, understood. Thank you so much for answering my questions and best of luck for the coming quarters.

Munish Avasthi: Thank you.

Moderator: Thank you. Next question is from the line of Varun Gajaria from Omkara Capital. Please proceed.

Varun Gajaria: Hi sir. Happy New Year and thank you for the opportunity. So what's your sense to cotton prices? It seems like the cotton prices have pretty much cooled down to around INR55,000 per candy. What's your take on it? And what is the valuation of inventory that you have of cotton that you have at your end?

Munish Avasthi: I didn't get your question. The second of course, I didn't get your question. What are you wanting to know?

Varun Gajaria: Okay, so it seems like cotton prices have cooled down to around INR55,000 per candy. So how is it going at cotton? And what valuation is the inventory holding of cotton?

Munish Avasthi: Okay, so the cotton prices are right now oscillating between INR54,000 and INR55,000. They have been here for almost a month now. And as I said in my opening remark, these are the lowest prices in relation to international prices for long, maybe three, four years. So, we definitely feel there's a lot of value in cotton right now. And this is generally the harvest period. So the arrivals are at their peak.

So this is generally the time and most of the mills, they stock up. So we are also doing that. About the exact amount of cotton stock, we don't share that number. So right now, I can just tell you that the arrivals are at their peak. So this is the time we generally stock up. And we feel this is the right time. In relation to international prices, prices are at the lower end.

Varun Gajaria: Okay, so it shouldn't fall from your end for the right, like, ideally?

Munish Avasthi: I don't have a crystal ball, but yeah, we feel it's pretty much at the bottom.

Varun Gajaria: Right. So what is the cotton yarn spread this quarter?

Munish Avasthi: So cotton yarn spread was around about INR121.

Varun Gajaria: Okay, INR121. And it seems like on quarter-on-quarter basis, your margins, your EBITDA margins are lower. Is there any particular reason for it?

Munish Avasthi: EBITDA margins were a little higher actually, quarter-to-quarters, by 2%, I think. Not lower. If you exclude the other income, they were slightly higher, by 2%.

Varun Gajaria: Right. Okay. Okay. Thanks.

Moderator: Thank you. Next question is from the line of Darshit from Robocapital. Please go ahead.

Darshit: Yeah. Hello. Am I audible?

Moderator: Yes, you are.

Darshit: Yeah. So thank you for taking my question. So my first question is, why have the margins dipped so significantly like going from 13% to say 8%? If I'm saying, okay, what would be the reason for that? And if in case, like, if you're saying that the prices have hit rock bottom, and if, say, suppose the margins improve from here, by what, like, within what timeline would we go back to the long term 11%, 12% EBITDA margins?

Munish Avasthi: So, margins have been pretty subdued for the last three, four quarters. So it's not some phenomenon has not happened like now. So margins have been, in the range of 10% to 8% for the last four quarters now. And there are many reasons behind it. First of all, of course, all the huge slump in demand across the world, the Western markets, bring their stock, rationalization, many other factors. But now, getting back to the normal levels, which were 12% to 13% for us, I see some roadmap, going towards it.

I believe we should be getting into, it's not in a very distant future. We see some, something which we haven't seen for the last four quarters, that is very low prices and good demand. So I believe that in two, three months, we should start seeing some uptick in margins also and getting, inching towards the normalcy.

Darshit: Okay. Okay. But like any, any kind of like very ballpark timeline, say a year or two, you go back to these margins, 11, 12?

Munish Avasthi: I think if all it, it looks like that it might happen, in three to four months.

Darshit: Okay. Okay. Great. That's great. And secondly, do we have any capex plans going forward?

Munish Avasthi: Not as of now. We don't have any major capex plans, just normal upgradation, modernization, that's it.

Darshit: Okay. And debt scenario? The debt will remain or are we planning to repay back?

Munish Avasthi: We are continuously repaying our long-term debt. So the debt, which had peaked at around INR430 crores, so it is down to INR380 crores now. So we'll be paying, paying it as it comes due. So we are in no hurry to repay it.

Darshit: Okay. Okay. Great. And, and finally, just last question, any kind of, not specifically guidance, but overview over the next, say two years, what do you think, the revenues might go to? Margins you talked about it but what you think about the revenues?

Munish Avasthi: So, as I told you, like for next one year – eighteen months, for at least next one year, we expect the revenues between 2400 plus minus 5%, because we are not adding any capacity in next one year. And that's, and they will definitely be in that ballpark. If the prices go up, yeah, they can go up by 10%, 7%, 8%, how the prices move. But the quantity wise, we are, so we will be sticking to this quantity for next 12 months at least. As we are not adding anything more.

Darshit: Okay. So like we're running at peak capacities and we won't be doing capex. So it will be in that range.

Munish Avasthi: Yeah, exactly.

Darshit: Okay. Okay. So we are relying on realization to improve and then we'll probably think on doing capex?

Munish Avasthi: Yes. Yes.

Darshit: Okay. Great.

Moderator: Thank you. Next question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: Sir, I'm trying to understand that on our 25-megawatt rooftop solar power plant that we have set up, sir, what was the capex that we have incurred and what is the expected IRR on this? And sir, our quarterly power and fuel cost is around INR40 crores. So by how much will it come down going forward due to this?

Munish Avasthi: So our total outlay was around INR85, about INR85 crores on this 25-megawatt. And the IRR, I think my team can get back to you separately. We don't have the numbers offhand. And we will be saving almost, you can say, around 1 lakh. So our cost, which is, see, some major portion of this was operationalized in the last six months also. So the saving, what we are from where we were, the saving is almost about...

Keshav Garg: Also, I wanted to understand that…

Munish Avasthi: Cross INR4 crores a quarter. About INR4 crores a quarter. But it goes up in the summer months and it comes down in the winter months.

Keshav Garg: Great, sir. Sir, I am trying to understand that we have capability to manufacture cotton yarn as well as blended and synthetic yarn from our facilities. So I am trying to understand that how fungible is our capacity that depending upon the realization and spread in different segments, can we, by what extent can we basically alter our output from cotton yarn to, let's say, blended or synthetic yarn?

Munish Avasthi: So synthetic yarn, once you have cotton yarn spindles, you can spin anything on them. It is very difficult going from polyester to cotton. It is rather impossible. You have to incur a lot of capex. But going from cotton yarn to synthetic yarn is not that difficult. So I think we don't do it because we don't go by monthly outlooks or quarterly outlooks, we go by what, because we don't want to disrupt our market and our market share in the segments we are and our expertise in the segments we are.

So that's why we have distributed our spindles according to our market, our customers. So we don't take these decisions monthly or quarterly. So if we see a long-term requirement to get into a certain segment, only then we do that. So, and for us, it's not that difficult because we've biggest capacity is in cotton and from cotton to get into blended or synthetic is not a very big investment or a very big change.

Keshav Garg: So basically, out of the roughly INR600 crores revenue last quarter, what percentage was non-cotton yarn?

Munish Avasthi: So cotton, just one second. 60% was 100% cotton yarn and 35% was polyester, cotton blended. Rest was synthetic or waste.

Keshav Garg: Great, sir. Sir, also sir, Q-on-Q our revenues have come down marginally. So is this due to the fall in realization?

Munish Avasthi: It's a combination of, a little bit of accumulation. Like there was some stock which was shipped a little late and a little bit like maybe 1% or 2% dip in the realization prices also in synthetic and blended yarns.

Keshav Garg: Great, sir. Sir, also sir, what percentage of our cotton yarn would you consider as value-added yarn? And sir, going forward, since we are not, we don't have any immediate plans of increasing capacity, so can our product mix change so that our revenues can improve?

Munish Avasthi: See, right now, the last 16 to 18 months, the situation has been pretty bad for all kinds of yarns. May it be value-added yarns or normal basic yarns or whatever. So, but, so, I think the situation will improve for everyone and it is going to improve for everyone going forward. About value-added part, we are right now increased it a little bit by maybe 3% in this quarter. We have gone into more slub yarns and double yarns, our capacity has increased a little.

So we are doing it slowly and steadily. We don't have a lot of leeway right now to get into more value-added yarns. But whatever we have, we are doing it slowly and steadily and I think our portion has increased steadily from I don't have the figures right now, but we can share it offline. But it has been going steadily, very slowly, but steadily in the last four-five quarters.

Keshav Garg: Sir, also, sir, in future, are there any plans to get into knitted or weaving fabric or will we continue to be a yarn company only?

Munish Avasthi: We never say never. So right now, we don't have any plans. But as we see the opportunities, we see a lot of opportunities in all, in total, textile segment, be it spinning, knitting, weaving, everything. So, and garmenting also. So we are looking, weighing, as we go through this lull of no expansion, we are weighing all our options and where all we can expand next. So we are keeping all our options open.

And the thing, everything is possible right now. We don't have -- we haven't yet decided, but everything is possible. We can get into, we have all the options open.

Keshav Garg: And, sir, lastly….

Moderator: Sorry to interrupt, Mr. Garg. May we please request you to re-join the queue as there are several participants.

Keshav Garg: Yes, sure. Thank you.

Moderator: Thank you. Next question is from the line of Gunit Singh from CCIPL. Please proceed.

Gunit Singh: Hi, sir. Thank you for this opportunity. Almost all of my questions have been answered, but in the last quarter you had guided that we would be able to maintain our top line of Q2 for the coming quarters. We saw a marginal decline. So is it safe to say that for the coming quarter, looking at our solar plant being operationalized and better demand conditions, we can expect to maintain the top line of this quarter and get into double digit EBITDA margins?

Munish Avasthi: Are you talking about the current quarter?

Gunit Singh: Correct. Q4.

Munish Avasthi: Okay. The current quarter, see, I think we are at the turnover, of course, would be around the same, INR 600 Crs where we are. About EBITDA levels, it's too early for me to say. We are reaching up. Let's see. We cannot commit anything right now. So no guidance. We don't give any guidance. But things definitely are looking better than what they were last quarter. So we're hoping for the best.

Gunit Singh: All right. But we are looking to at least maintain the margins of this quarter, right?

Munish Avasthi: Hopefully. Yes.

Gunit Signh: And for FY25, I mean, the revenues should look around 2400-2500 range. And our --

Moderator: It seems that we have lost the connection from the current participant. Meanwhile, we'll move to the next question from the line of Akshay from JHP. Please proceed.

Akshay: Yes. Thanks for the opportunity. Sir what would be the current order book?

Munish Avasthi: So current, so we generally have an order book of 40 days to 45 days. That is what it is right now.

Akshay: Okay. And sir, from various customers, are we getting any signals for revival of demand? Any conversation you are having with customers wherein they are saying that they may off take more a few months later?

Munish Avasthi: Yes. As I said in my opening remark that we are seeing some uptick in demand. It might not be too early to call it the revival of demand. But we see many customers, our customers who have the utilization levels have gone up in different countries. Some 50-60%. They are working at 80% now. And even locally, we see it's evident that the capacity utilization of the garment is up.

The orders are up. So, yes, there are some signs that things are getting back towards normalcy. Things are getting, so we haven't seen this for last 17-18 months. So, from what we are seeing for last one month. So, if it continues, then of course, things get better. It's too early to say that this is now -- But we feel that the worst is over and the demand is slowly and steadily coming back. It won't be a V-shaped recovery, but we see the demand recovering slowly and steadily in the next 6-8 months.

Akshay: Sir, one thing which actually I was just seeing, our inventory days are much lower than what our competitors have actually. And that's what actually we are one of the most capital efficient players, if I look at. So, what is the reason for lower inventory days generally for us?

Munish Avasthi: So, you see, in September quarter, generally our inventories are always at their lowest. And last year was a different year because last year, even in March, we didn't need to carry a lot of cotton because of the attitude of farmers. They were not bringing up the cotton crop. So, it keeps on changing. It's nothing, it's according to the market, how we feel it's right because most of our inventory is in raw materials.

So, if the raw material coverage is less, then we look to be more efficient. And if it is more, we look to be more inefficient.

Akshay: Okay. But I was comparing it with your competitors. So, they are also operating in the same environment, right?

Munish Avasthi: Everybody can have a different strategy. So, we don't really know what our competitor is doing.

Akshay: Okay. And sir, there is this expo Bharat Tex 2024. So, do we expect any or is it just a normal exhibition which is happening or is it going to be a little bit different this time?

Munish Avasthi: Let's see how it is. Definitely, all these expos are good for the country. People can come and look at all the opportunities which are available in India. So, let's see. We have to see it to comment how good or bad it was.

Akshay: Okay, sir. Thanks a lot and all the best.

Munish Avasthi: Thank you.

Moderator: Thank you. Next question is from the line of Varun Gajaria from Omkara Capital. Please go ahead.

Varun Gajaria: Hi, sir. And thank you for the opportunity again. So, I just had one question and probably I wasn't able to get it through in the last time. Quarter-on-quarter your sales have reduced but the EBITDA margins have remained a little bit higher. Is there any particular reason for it? Because from how I understand the prices, the price of cotton and the price of inventory -- wouldn't have changed as much for the margins to budge. So, yes.

Munish Avasthi: Yes. There was, I think, maybe some operational efficiencies because in winter months, the power cost goes a little bit down and then there was slight uptake in cotton blended yarns which fetched better margins in the last quarter. So, I think it was a combination of all these things and maybe less inventory prices burden. In the last quarter, before that, the loss in inventory was more than this quarter.

Varun Gajaria: Okay. And with the new power project that has gotten commissioned, do you expect improvement in the margins probably?

Munish Avasthi: No, it's already happened actually. Of course.

Varun Gajaria: So that is already kicked in?

Munish Avasthi: Yes. It is already kicked in. But in the winter months, of course, the contribution of solar power is very minuscule. So, in summer months, of course, it should add 150 to 200 bips onto the margins.

Varun Gajaria: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Amit Kumar from Determined invest. Please go ahead.

Amit Kumar: Yeah. Thank you. I'm sorry I joined the call a little bit late. So, my apologies if this is a repeat. But, you know, all of these, you know, Red Sea kind of disruptions, I mean, I see you have a fair bit of, you know, share of exports in your revenues. With all of these Red Sea disruptions, you know, the trading routes to US and Europe have been disrupted.

Any sort of impact, that you can highlight on your business in the fourth quarter because of this? Then I'll ask a second question.

Munish Avasthi: Yeah. So, we discussed, in my opening remark, I said something about that. But as you have joined late, I'll reiterate.

So, Red Sea issue has benefited us or hurt us. Benefit is that a lot many customers of ours, they are being told by their final brands to pre-pone their shipments. So, there is a little bit of pre-ponement of demand that has happened.

And about the freights, yes, the freights have gone up tremendously in some cases by three times, four times. Fortunately, for us most of our markets, the markets where the freights have gone up contribute only maybe 4% or 5% of our exports. So, it is not hurting us negatively at all.

Most of our customers, vendors who are exporting to US and Europe, so most of these shipments are FOB priced. So, I do not think so they are getting hit directly. But of course, if it keeps on going on and on, so this will create some kind of inflation effect, which is not desirable right now.

So, yeah, in the short term, yeah, it is not hurt us a lot. But in the long term, of course, things like this, they never help you.

Amit Kumar: Thank you. And my second question is, you know, we have seen, I mean, it's been more than a year since the UAE and Australia free trade agreements, were also sort of set up. Are you sort of seeing any sort of traction, any sort of opportunity, you know, coming in from these markets?

Munish Avasthi: These are very small markets for Indian exports, actually. You know, the biggest Indian markets for export are, of course, EU and US. So, there will be some benefit, but not for our yarns, of course, but for the garmenters.

But because of the base, it is, you don't feel it is a lot. So, it is happening. And I think these kind of FTAs, you know, they help you in the long term. You know, the people just don not switch to somebody else overnight. So, there must be some things happening, the sampling, the new customers, people come and they visit you and they approve factories. So, it is a long process.

So, I think, but, of course, these FTAs always help. So, and all these FTAs and all these parks, textile parks, big parks, which are coming up in India. So, they are very helpful for the long scheme of things.

Amit Kumar: Understood. Thank you. That is it from my side. This has been very helpful.

Moderator: Thank you. Next question is from the line of Darshit from Robo Capital. Please go ahead.

Darshit: Yeah. Hi. Thanks for the follow up. So, I just wanted to ask a question that we talked about the margin increasing. But what would be the additional levers apart from like realization? You said that in three, four months, we'll reach to the double digit margins. But apart from realization, what else would it be that would take that figure to those percentages?

Munish Avasthi: I think it is mainly it has to be demand. Cost control wise we are doing it is ongoing. We keep on doing whatever is possible. But if the demand remains robust and as it is and for a longer period of time, because in the last couple of months, there was a lot of inventory lying around, which has got consumed. So, that is why the prices did not go up. But they have, they have gone up by INR3-4 rupees.

So, that is the biggest lever that the demand and the price is going up because of the demand going up.

Darshit: Okay. Got it. And do we have any kind of visibility over a figure, say INR300 crores of EBITDA? That happening any time soon? Do we see that happening anytime soon?

Munish Avasthi: You know, it is very difficult to predict. You know, we saw INR600 crores of EBITDA two years back, which we never could predict. And we are down to maybe INR200 crores or INR220 crores-INR230 crores this year, which was also not predictable.

So, it is very difficult to predict these things in such a volatile time we are living in. There are two wars going on. We have got highest interest rate for 20 years in Western world. So, it is very difficult to predict this right now.

Darshit: Okay.

Munish Avasthi: We are hoping for it.

Darshit: Great. Great. Okay sir. All the best. Thank you.

Moderator: Thank you. We have our next follow-up question from the line of Keshav Garg from Counters Cyclical PMS. Please go ahead.

Keshav Garg: So, last year we did a buyback. So, thank you very much for that. And, sir, one year is about to get over. And, sir, now our balance sheet is pretty much delivered. And since we do not have any capex plans, sir, if we do a share buyback, our spindles per share can increase without us expanding capacity. And, sir, since the stock is also quite cheap, so it will benefit the shareholders for all times to come as the number of shares will reduce permanently and earning per share will increase permanently. So, kindly consider another share buyback.

Munish Avasthi: Yeah, definitely. You know, these kind of things we always have in our horizon. So, we will be evaluating these things in the next 3 to 6 months and see if we do not have any expansion program. And if we think so, yeah, then we will consider these things for sure.

Keshav Garg: Okay, sir. Thank you very much and best of luck.

Munish Avasthi: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Munish Avasthi for the closing comments.

Munish Avasthi: Thank you. everyone. I would like to thank all the participants for taking out the time to join us for this call. We look forward to having continuous engagement with all market participants. For any other queries, be free to contact, connect with the Orient Capital our Investment Relations Advisors. Thank you. Thank you so much.

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