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GST No.: 03AAACS3037Q1ZA

SIL/2024-25/SE **Date: 05.11.2024**

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 and Half Year ended 30th September 2024

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 Tuesday, 29th October, 2024 to discuss the Company's Financial Performance for quarter and half year ended 30th September, 2024.

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: 2024.11.05 17:39:30 +05'30'

LOVLESH VERMA
COMPANY SECRETARY
(ACS: 34171)

“Sportking India Limited
Q2 H1 FY '25 Earnings Conference Call”
October 29, 2024

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. DIVYANSH SARDA – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Sportking India Limited Q2 and H1 FY '25 earnings conference call. This conference call may contain forward looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

As a reminder, all participants lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Divyansh Sarda from Orient Capital. Thank you and over to you sir.

Divyansh Sarda: Thank you. On behalf of Sportking India Limited, I extend a very warm welcome to all the participants on the Q2 and H1 FY '25 financial results discussion call. Today on the call, we have with us Mr. Munish Avasthi, Chairman and Managing Director, Mr. Sandeep Sachdeva, Chief Financial Officer and Mr. Lovlesh Verma who is the Company Secretary. With this, I will now hand over the call to Mr. Sandeep Sachdeva for his opening remarks. Over to you sir.

Sandeep Sachdeva: Good afternoon, everyone. First of all, I will take you through the financial performance of the company for the quarter and half year ended 30 September 2024. For quarter 2 FY '25, Sportking India Limited achieved revenue from operations of INR652 crores up 3.7% Y-o-Y. Share of export in revenue was approximately INR300 crores for the quarter. Gross profit stood at INR139 crores with an increase of 18.3% on Y-o-Y basis.

Gross profit margin expanded by 263 basis points Y-o-Y. Gross margin for the quarter stood at 21.4%. Profit after tax was INR25 crores seeing an increase of 61.4% Y-o-Y. Tax margins were 3.8% experiencing a margin expansion of 137 bps on yearly basis. EBITDA was boosted by lower interest cost on account of prudent debt management and marginal rise in the depreciation. For H1 FY '25, Sportking India Limited achieved revenue from operations of INR1,286 crores up 10.1% Y-o-Y.

The gross profit stood at INR293 crores with an increase of 24.2% on Y-o-Y basis. Gross profit margin expanded by 258 basis Y-o-Y. EBITDA for H1 FY '25 was INR132 crores with an EBITDA margin of 10.2%. EBITDA increased by 47.2% Y-o-Y. EBITDA margin improved by about 257 basis Y-o-Y. Profit after tax was INR57 crores seeing an increase of 68.8% Y-o-Y. PAT margins were 4.4% experiencing a margin expansion of 154 bps on yearly basis.

Company continues to work on reducing the interest outlay going forward as a short-term borrowing reduced by approximately INR400 crores as of date as compared to March '24. The net debt to equity ratio now stands at 0.51 as opposed to 0.97 as of March '24.

Thank you all. Now I will hand over the call to Mr. Munish Avasthi, the CMD of the company, who will take you through the operational performance as well as outlook.

Munish Avasthi: Thank you Sandeepji. Good afternoon, ladies and gentlemen wishing everyone a very happy Diwali in advance. I hope you all have an opportunity to go through the investor deck and the press release that we have uploaded on the Exchanges. So, the current quarter began on a very challenging front with our biggest export market Bangladesh facing social unrest that turned to political turmoil and momentary shutdown of the garment factories and cotton mills there.

We saw some panic selling in local markets leading to sharp decline in prices in July due to Bangladesh turmoil as a knee-jerk action. But prices moved up swiftly as the situation in Bangladesh improved. We have not faced any significant delay in orders or any delay in payments from our customers in the last three months.

We saw some moderation in freight late in the quarter and we see that trend continuing. Freight, as we have discussed in the last couple of con-calls, has been a drag for us for the last two to three quarters. The domestic market is showing some positivity as the retail sales have picked up lately and we expect a further uptake in demand in the third and fourth quarters.

Cotton prices in India have come down sharply as new arrivals start. We started the last quarter at around 57,000 per candy which the prices have come down to around 55,000 as we speak. Demand and margins both are seeing a slight uptick in current quarter and we believe that it would be a trend going forward with the festivities kicking in.

We have seen a bump up in enquiries from local garment exporters and believe some shifting of demand to India has already happened. We believe that cotton prices are going to stay at these levels or slightly lower going forward. We are here with low cotton prices I think for a longer period of time.

Quality of early arrivals indicate that though the area this year is less by 10% confidently than last year, we might end up with a slightly higher crop aided by much improved yield. World prices continue to be subdued with a muted demand from China, the main culprit. Overall competitiveness of the Indian spinning industry is definitely getting better as most of our competing countries are struggling with macro issues.

Regarding our operations in the last quarter, we worked at around 94% which was lower than our standard utilization of 97% because of extreme bad weather and some deep bottlenecking that we have undertaken last quarter. But most of that is over and we expect to be back at 97% utilization in this quarter. An important strategic update for the company is the in-principle approval for amalgamation of manufacturing facilities of the group company Sobhagia Sales and Marvel Dyers & Processors with the company.

Marvel Dyers is engaged in the business of dyeing, printing and finishing of knitted fabric and Sobhagia Sales is engaged in the business of manufacturing and selling of ready-made garments. The primary reason behind the merger is to enable forward integration to open new avenues for growth to the company and cater to customer needs across the textile value chain while leveraging our decades of experience to scale these margin accretive segments.

Rationalization of employee facilities and administrative efforts will further help to bring in operational efficiencies. More details of the merger and subsequent strategic plans going forward would be shared with the wider capital market community once the scheme of merger is approved by the Board. To ensure smooth integration and proposition of value creation to the Company's shareholders, we have appointed KPMG as an advisor to evaluate the proposal for the merger.

We have also proposed an investment of 26% of equity share capital in M/S Evincea Renewables Pvt Ltd. It's a special purpose vehicle for a cash consideration of INR12 crores. The SPV plans to set up solar power plant with a capacity of 40 megawatts for the supply of power for the company's plants in Punjab for a period of 25 years. This SPV will help the company to reduce its power cost further by 10% to 12%.

This capacity is in addition to the already rooftop solar capacity which the company has put in the last two years of 25 megawatts. And this is a mark to our steadfast commitment towards sustainable operations. Now I request the moderator to open the floor for question and answer session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sahil Vora from M & S Associates. Please go ahead.

Sahil Vora: So good afternoon. So how have the cotton prices been during the quarter? Have they come in line with the international cotton prices which were alluded by you in the previous call?

Munish Avasthi: So cotton, of course the cotton prices have moderated since last quarter. They were at around 57,000, 57,500 in the first, in September, beginning of September, beginning of July. And the international prices were lower. So both have, the gap has narrowed between the international and the domestic prices. And we think we are very close to being globally competitive prices in India right now.

Sahil Vora: Okay. So a follow-up would be, like you mentioned in your opening remarks, regarding lower acreage of cotton, recently in September 2024, USDA reduced India's cotton production and projection. There are also reports of excessive rainfall damaging crops in the central and southern states. All said and done, how do you think we should look at cotton prices for the upcoming season given MSP has also been increasing?

Munish Avasthi: Yeah, so the Indian crop goes through weather vagaries till, you know, October, middle October, and we are already in middle October. So the latest reports, according to our team, is that the crop looks good everywhere. The quality, the initial quality which is coming is much better than last year everywhere.

And we see, we see a very good quality and generally quality and quantity goes hand-in-hand. So we expect a sharp increase in yield. So we don't -- we differ from what USDA estimated. We think our crop will be not less than last year. And as for the prices, yes, of course, MSP is a big, big bottleneck.

But this year, the seed prices have been a little higher because of the oil complex being higher, the edible oil being higher. So this has put pressure on lint. So we are, we are seeing, I think, right now we are at about 54,000 to 54, 500 per candy . And we see maybe another INR1000 going down at the most.

And upward, we don't see it going above 56,000, 57,000.

Sahil Vora: Understood. Thank you for the detailed response. So another question that I had, as we saw in 2022, is rising cotton price scenario actually good for you in terms of margin as you may pass on? Since demand is also picking up, so we may not face any issues on that front, right?

Munish Avasthi: So in '22, it was not because of the cotton prices that the, that demand was up. Demand was up and that led to the cotton prices being up. So, rising cotton prices, of course, are never, they're not good for us as such. And we believe that this year the prices are going to be in a very narrow band because Brazil has come up to be the new global leader in, in cotton, cotton production and cotton exports.

And, which is a new thing which has happened in the last two, three years. And we believe they're going to get bigger and bigger. And we see the, we don't -- I think we are, we don't see very big volatile movements in cotton prices in next three, four years.

Sahil Vora: Okay. Thank you, sir, for the clarification. My next question would be, the domestic players in fashion and textile are guiding for much better Q3 on a Y-o-Y basis on the back of festive season. How is the outlook for our company based on the orders received during the month of October?

Munish Avasthi: Yeah, we also mentioned briefly in our -- in my opening remark that we see a much better demand scenario right now. Bangladesh, of course, has stabilized. Other export markets are also inquiring and inquiries are up. China, of course, continues to be very, very slow. But India, of course, is picking up. And we see generally third and fourth quarter are good for textiles anyway.

They are bread and butter quarters. So, we expect the market to be better in next couple of quarters.

Sahil Vora: Okay. And for Q2, we were majorly supported by our domestic market. Do we see the trend to move forward in the same manner where exports will be a little bit subdued and we will get growth from growing domestic market demand?

Munish Avasthi: Well, I don't think so. I think Q2 exports were one of our highest, all-time high exports. So, we continue to have that balance between 50-50 between our exports and domestic. So, and right now we are seeing a little bit of traction from both the markets. Exports are also picking up and domestic market is also showing some life. So, we expect both the markets to do well going forward.

Sahil Vora: Okay, understood. And so, lastly, when do you see the export recovery to finally kick in?

Munish Avasthi: Export recovery is already there. As a country, we exported about 100,000 tons in September, the latest month which went by. And we expect this number to be there and thereabouts for the next quarter average. So, I think overall things are getting better and things are picking up. So, the only thing is that China is not buying. So, China used to be our second biggest market and China has not been in the market for last almost 1 year. And we don't expect it to come. So, we don't see an euphoric demand, but we see a steady uptick in the demand going forward.

Sahil Vora: Okay. Thank you so much, sir, and all the best.

Moderator: Thank you. The next question is from the line of Saloni Shah from SK Investments. Please go ahead.

Saloni Shah: Hello, sir. Good evening. Thank you for the opportunity. Sir, I wanted to ask. So, our production and the sales volume for Q2 were lower Y-o-Y, but we still reported revenue growth, which means we had higher ASP during the quarter. So, can you highlight on the same what factors led to rising ASP? And do we expect better realization for our products to continue?

Munish Avasthi: That's a good question, actually, because from January to April, we stored a lot of cotton for the off-season. So, this year, we have offloaded some of the cotton. So, there's a lot of cotton sales there, which were not margin accredited. So, that's why the turnover is a little up than year-on-year. Though we had that De-bottlenecking and all going on. So, if you take it out, our EBITDA margins are maybe higher by another 150 basis points. If that makes sense to you.

Saloni Shah: Okay, sir. And, sir, can you provide the average realization for yarns in this quarter?

Munish Avasthi: The average realization of yarns in this quarter. So, I'll just get back to you on that, actually.

Saloni Shah: No worries, sir. And, sir, my last question is...

Munish Avasthi: Okay, I have that figure. So, the average realization per kilo for quarter 2 was around INR286 for cotton yarn.

Saloni Shah: Okay. So, my last question is, sir, why were production volumes muted for this quarter? Was it a factor of lower export demand?

Munish Avasthi: So, this quarter, I briefly mentioned in my opening remarks that generally July, this last quarter, you know, the weather in North India was very, very warm and hot. So, there were some absenteeism. So, that's why our productive utilization level went down to 94% from 97%. It was unprecedentedly hot. So, that is one of the reasons. And the other reason was, of course, that one of our plants was taken for maintenance and thede-bottlenecking, which is now up and about. So, these are the two main reasons.

Saloni Shah: Okay, thank you so much, sir. Thank you.

Moderator: Thank you. The next question is from the line of Yash Madan from Mainstream Technologies Pvt Ltd. Please go ahead.

Yash Madan: You mentioned about merging your two companies with your…

Munish Avasthi: There is a little disturbance in your voice. I can't hear it properly.

Yash Madan: I'm saying, you mentioned about merging two group companies. So, can you give some idea, are these operational? These are profit-making companies. What kind of impact it can have on profitability and EPS of the company post-merger?

Munish Avasthi: So, yeah, these are profitable companies. These are combined turnover of around INR200 crores, INR250 crores. Last 3 years, the average EBITDA is around 15%. So, these are profitable and functional companies.

Yash Madan: Thank you. And you are already providing yarn to these companies internally?

Munish Avasthi: We are providing some yarn, but a lot of re-engineering and restructuring is happening. So, we would wait for things to -- so, a lot of work is being done to make it, where we can use more of our yarn in these companies.

Yash Madan: So, what's your long-term vision? Do you want to be a garment company? Do you want to be a yarn company, as you have been doing? So, where are the companies heading, let's say, next 3 years, 5 years? How we should see a long-term trajectory?

Munish Avasthi: So, we have always been into garments. This is not something new to us. The only thing is that that was, you know, another company we were doing the business in. But looking at the opportunities which are coming our way in terms of, China Plus One and now Bangladesh Plus One. And, a lot of, focus of Indian Government on, garment industry. So, we wanted to leverage this opportunity and because, we have a better, bigger bandwidth.

So, we wanted to avail this opportunity and merge these companies. And our vision is, of course, to be a very big spinning company, of course. But we believe that most of our upcoming, any future expansions will be commiserating with as much in garment as in yarn.

Yash Madan: Do you have any more companies also where you are into garments? Do you have more entry? Will there be any conflict of interest?

Munish Avasthi: No, this is it. So, whatever manufacturing capacities we have in yarn, in garments, we are all, we are merging all of them into this. And now, there is no conflict of interest.

Yash Madan: It will become a fully integrated company basically from yarn to garments?

Munish Avasthi: Yes.

Yash Madan: Okay. Thanks a lot.

Moderator: Thank you. The next question is from the line of Varun Gajaria from Boring AMC. Please go ahead.

Varun Gajaria: Hi, sir. Thank you for the opportunity. First of all, congratulations on the merger approval. I just wanted to get some clarity on the numbers. So, going forward, what is the capacity, what is the garmenting capacity at the unit, at the merging unit now?

Munish Avasthi: So, right now, we have a capacity, right now the capacity is around 20 lakh pieces per annum. So, with a marginal investment of INR10 crores to INR20 crores, we believe that we can increase it, we can double it. Because we have a lot of, because right now, as you see, we mainly supply to our own brand.

And it doesn't give us a lot of operational freedom, which we are, looking for. And we are doing a lot of re-engineering of all our facilities. And we expect this facility to go up to 30, 35 lakh pieces per annum in next 6 to 8 months.

Varun Gajaria: Okay. So, once that comes online, what will be the margin profile like? Because I presume the margin profile in garmenting is relatively better. So, what will the margin profile look like at the garmenting unit?

Munish Avasthi: The average, so there are two units. One is the dyeing unit and one is the garment unit. So, in the garment unit, the average EBITDA for last 3 years was about 15% to 17%. And for the dyeing unit was about 8% to 9%. So, we expect to, add these into whatever the capacity. So, let's assume we do about 10% or 15% of our. So, we expect a bump up of around 1% to 2%. So, it's really very early for me to comment on these. But we expect marginal accretion for the whole company, definitely.

Varun Gajaria: Okay. So, what kind of revenue do these emerging entities make currently?

Munish Avasthi: Revenue is around, the average last 3 years is about INR200 crores. Both of them put together.

Varun Gajaria: Okay. And the marginal profile should be around 12%? I'm not wrong, because you have 15% to 17% plus some are dying at 8% to 9%. So, I'm assuming it should be around 12%.

Munish Avasthi: It should be somewhere around there for the last 3 years combined. Average.

Varun Gajaria: Okay. So, currently, what is the cotton spread like?

Munish Avasthi: Currently, the clean cotton, right now, if we speak, the clean cotton is around, for us, it's around INR 190, INR 192. And the yarn next mill price is for 30 CHCs, around INR250. So, they are about, we can say, INR60, INR65. About INR65.

Varun Gajaria: Yeah. Sir, margins?

Munish Avasthi: Margins are around $0.80 right now.

Varun Gajaria:

Varun Gajaria: Okay, $0.80. Okay and has, so, what was the cotton yarn spread relatively last year then?

Munish Avasthi: So, these spreads are better than what they were last quarter. And I think $0.80, I think for last, you can say, 5-6 quarters, these are like, first quarter was definitely around here. And the second quarter was a little down because of the Bangladesh problem. And I think they have bounced back to first quarter levels, close to first quarter levels.

Varun Gajaria: Okay. Okay. So, currently, the prices are around INR56,000 for candy. Your are expecting this price to go strong for the coming year. Considering that we are harvesting will commence from now on, right?

Munish Avasthi: So, right now, the prices are at around INR55,000, not INR56,000. And we expect the prices to stay in the range of INR53,000 to INR57,000 for the foreseeable future.

Varun Gajaria: Okay. No problem. Okay, Thank you.

Moderator: Thank you. The next question is from the line-up. Naitik Mohata, from Sequent Investments, please go ahead.

Naitik Mohata: Good afternoon, sir, and a very happy Diwali to the team. While I am new to the company, I have a couple of questions. So, my first question is regarding our capacity utilization. They are almost at 95% levels now. So, how do the company envisage the next leg of growth will come for us?

Munish Avasthi: Okay. So, we are looking at these options very aggressively. So, hopefully, in the next couple of months, we will be announcing some expansion in our spinning business. And for the garment business for the next major growth, we are looking at in the garment business, so that we have already announced a merger. So, these are the two phases we are looking at in the short term.

Naitik Mohata: Yes, sir. Regarding the merger, I believe the manufacturing facility is in Sobhagia Sales Pvt Ltd . So, if you could throw some light on how big is this capacity? What kind of top line can we expect from this facility?

Munish Avasthi: So, right now, these facilities give us around INR200 crores of top line. And we believe that with the re-engineering we are undergoing after the merger, we can easily scale it up with the minimal investment by at least 50%. So, we expect in maybe 15-18 months, the top line to grow to about INR300-INR350 crores with almost a negligible low investments.

Naitik Mohata: Okay. So, what kind of margins do you expect from the business?

Munish Avasthi: So, we expect these companies to give us a margin of... So, they are already operating at 12%-13% EBITDA level, which I think will go further up once we re-engineer the capacity.

Naitik Mohata: Oh, yes. Alright. So, I have a couple of bookkeeping questions. So, I think in September, our short-term debt has reduced from INR480 crores to INR110 crores. As well as our inventories have reduced from INR 640 crores to INR340 crores by almost 50%. So, is this a seasonal trend for us or is there something to read into it?

Munish Avasthi: So, this is definitely a seasonal trend, which generally... You know, the new crop comes in October. So, we consume most of our inventories in these last six months.

So, we hold the highest inventories in March. So, this is something seasonal. But this year, we don't envisage a very high build-up of inventories in March because of ample stocks in India and a lot of CCI intervention and a lot of CCI holding a lot of cotton stocks.

So, we expect these short-term debts to not go up to the level we had last March.

Naitik Mohata: Okay. Alright. Thank you sir and happy Diwali and I will get back in the queue.

Moderator: The next follow-up question is from the line of Yash Madan from Mainstream Technologies Pvt. Ltd. Please go ahead.

Yash Madan: Your best year has been 2021-2022. So, can you throw some light on how come you could have these kind of high profits? What was the reason? Was it COVID effect? One. And second, in what circumstances you can see and come back to that kind of profitability in near future? If you look at even the cyclical nature of the economy, so, do you see the possibility of the next 2 years, 3 years, in the same trends coming?

Munish Avasthi: So, 2022 was an aberration, I think. Those kind of years, they were a perfect storm. You know, because of the COVID, cotton prices have fallen very sharply because demand was uneven across the world. Some countries were working fully, some were not. And we were, you can say, at the right time, at the right place. Because the CCI was holding a lot of cotton.

So, there were some cotton inventory profits. And there was a lot of demand because people were staying home. And there were a lot of supply chain disruptions which led to a lot of duplication of orders. So, we don't expect such a thing to happen. And those kind of margins are anyway unsustainable in our industry. But we expect the margins to get better going forward because we see a lot of consolidation happening.

And we see India as a spinning country doing much better than our competitors which are getting weaker. So, once, the demand comes back to normal, which is, I think it's still 80%-85% of what it used to be before COVID. So, then we expect the margins to get better from these levels.

Maybe go in middle teens, 16-17. So, that's what we are working on. Because if you compare us in 2022, we have worked a lot on our operations, power costs. We have worked a lot on that. So, any uptick in demand, of course, we can do much better than what we are doing right now.

Yash Madan: Right. In normal circumstances, this kind of profitability can't be expected. What you earned in 2021-2022, so those kind of profitability can't be expected until and unless some major global event happens.

Munish Avasthi: So, it can be expected on the maybe not in percentage, but in total terms, yes. Because we have expanded by 40% since then. So, yeah, total numbers can be closer to that. It's a thing that has turned to even normal what it used to be before COVID. Because we are 40% bigger than what we were in those times.

Yash Madan: Definitely, your turnover is increasing, but profitability is much lower than what it was back then.

Munish Avasthi: Let's see, you know, we can't predict such things.

Yash Madan: Okay, thank you. Thanks a lot

Moderator: The next question is from the line of Devangh Mehra from SKB Associates. Please go ahead.

Devangh Mehra: So, thank you for the opportunity. So, I have a couple of questions. So, in the current quarter, we can see our export contribution has declined by 700 bps from 53% to 46%. So, was this because of Bangladesh issue or have any other international market has been affected too?

Munish Avasthi: No, I think the total quantum was higher than last year and the last quarter. The only difference was because there was a little bit of component of cotton sales this year, in this quarter, which is either showing it less in percentage terms. But if you see the quantity of cotton yarn was almost same or a little higher than last quarter.

Devangh Mehra: Okay, sir got it. So, has the company, like, I have another question. So, has the company planned out any capex as the company is at maximum utilization levels? So, what would be the company new levers for the growth expect for the margin expansion, which post a certain level will not grow as well?

Munish Avasthi: So, as we mentioned that we are undertaking an investment in an SPV for a 40 megawatt solar plant, which will bump up our EBITDA margins by 0.7%. And then we are also working on forward integration for margin accretion. So, these are the first, these are the two things which we are doing right now, which don't need a lot of capex. And about more capex, yes, we are looking at different opportunities in different geographies, and aggressively, and we'll be informing you as we read something.

Devangh Mehra: Okay, okay sir. So, just a follow up question. So, what are the rationale for the consolidation of these two companies? So, is the company planning out on putting any capex on these two companies and growing the garments and the dyeing segment of the business?

Munish Avasthi: So, right now, these are, you can say these are two companies which we are planning to take over, merge in us. And this is something we want to do it on a small scale for maybe next one year. And then, of course, we have bigger plans once we stabilize and we learn from this action. And yes, we plan to go bigger and bigger in garments going forward.

Devangh Mehra: Okay, so got it. And so, last question. As seen earlier, like, company has been using the solar power to a great use, to reduce the power and the fuel cost of the company. But particularly in this quarter, where we have seen our production levels are also declining. But the power cost has not reduced in line with the production volumes. So, what are the major factors that have affected the power cost in this current quarter?

Munish Avasthi: So, see, we use solar panels power around 15% of our total use. So, 85% is from the grid. And, in summer months, the tariffs in Punjab go up which have now from 15th October have gone down again. So, this bump up was solely because of the higher power tariffs in summer months in Punjab.

Devangh Mehra: Okay, so thank you and happy Diwali, sir. Thanks.

Munish Avasthi: Yeah, thank you.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Munish Avasthi: Thank you everyone for being a part of this call. And we appreciate, and if you have any questions or any queries, you can direct it towards the company secretary or Orient Capital. Wishing you happy Diwali once again. See you all next quarter. Thank you.

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