“Indo Count Industries Limited

Q2 & H1 FY27 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Indo Count Industries Limited Q2 and H1 FY 2027 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 risks and uncertainties that are difficult to predict.

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

I now hand the conference over to Mr. Mohit Jain, Executive Vice Chairman. Thank you, and over to you, Mr. Jain.

Mohit Jain: Thank you. Good afternoon and a very warm welcome to all of you joining us for the Indo Count Industries Limited Q2 and H1 FY27 earnings call. I am also joined by our Group CFO, Mr. Muralidharan, Manish Bhatia, our CFO, and Strategic Growth Advisors, our investor relations advisors. We hope you had the chance to review the financial results and investor presentation available on the Stock Exchange and on our company website.

Before we begin, on behalf of Indo Count Industries, I would like to wish everyone a very Happy Deepavali and a happy, healthy, and prosperous New Year.

Coming to the company's consolidated performance.

Continuing with the Q1 momentum, we have delivered our highest-ever quarterly performance in Q2. The results reflect the benefits of our strategic investments, expanding business portfolio, and improving operational efficiencies.

Total income for Q2 FY27 stood at INR1,699 crores compared to INR1,082 crores in Q2 FY26, registering a growth of 57% year-on-year. On a sequential basis, the growth was 39%. EBITDA more than doubled to INR259 crores on a year-on-year basis from INR123 crores, with margins expanding to 15.3%, well above our full-year guidance of 13%. The performance was driven by market share gains, increased wallet share, strong branded business momentum, and increasing contribution from our newer businesses.

Our continued focus on sweating our existing assets, optimizing resource utilization, and driving operational efficiencies has resulted into margin expansion. More importantly, the benefits of our strategic investments are now translating into meaningful scale, further strengthening the depth, breadth, and overall quality of our business.

Core business performance.

Product mix, market share gains, and increased wallet share from existing customers drove strong revenue in our core business. The industry continues to navigate tariff uncertainties, evolving trade dynamics, and varying consumer demand across markets. Our focus remains on

strengthening our product portfolio and improving operational efficiency. We are also driving better utilization from existing manufacturing capacities to enhance returns from our asset base.

Going forward, our priorities remain towards strengthening the core bed linen business, increasing customer wallet share, and gaining market share. Coming to our non-U.S. core business. The U.K. and E.U. markets offer significant growth potential, with an addressable opportunity comparable to the U.S. market. Our established relationships with leading retailers provide a strong platform to expand our presence and increase our wallet share. We also expect free trade agreements to further strengthen our competitiveness in these markets.

As indicated in our previous earnings call, we expect our non-U.S. revenues to grow by over 20% in FY27. New business performance. Our new businesses are increasingly contributing to Indo Count's growth and expanding our presence across the home textile value chain. While bed linen remains our core strength, we have expanded into utility bedding, branded businesses, and other home textile categories such as quilts, comforters, blankets, towels, curtains, et cetera.

This enables us to engage with customers across a wider product portfolio and address a much larger market opportunity. This progress is clearly reflected in our performance, with our new business generating quarterly revenue of approximately INR502 crores and contributing approximately 30% to total income. Notably, we have already achieved 60% of our FY 2027 revenue guidance, demonstrating strong momentum and the growing scale of these businesses.

A key development during this quarter was the expansion of brand Wamsutta beyond direct-to-consumer platform into the broader U.S. retail markets. This strategic move aims to enhance brand visibility, reach a wider consumer base, and unlock new growth opportunities through deeper retail penetration. Going forward, we will focus on scaling these businesses, continue expanding product offerings, and strengthening our distribution across markets. Update on our Bhilad flood claim.

During the quarter, our Bhilad manufacturing facility in Gujarat was temporarily impacted by unprecedented rainfall and flooding. All the assets in the facility, along with the business interruption losses, are covered under a comprehensive insurance policy. Following the damage assessment, the insurance company has acknowledged the claim, and an interim payment of INR14 crores 99 lakh was approved after the quarter end, pending final settlement.

Based on our assessment of the losses and the progress of the insurance claim, we have recognized in the profit and loss statement an inventory loss of INR45 crores 2 lakhs, net of salvage, along with an equivalent insurance claim as exceptional item in the statement of profit and loss. To conclude FY27 guidance and roadmap ahead. Let me now update you on our progress against FY27 guidance. We remain confident of achieving our full-year targets, with H1 performance providing a strong foundation.

On the volume side, we achieved 51 million meters, approximately 49% of our full-year guidance of 105-110 million meters. On the revenue side, total income stood at INR2,923 crores, achieving approximately 53% of our INR5,500 crores guidance. On the EBITDA margin, H1 EBITDA margin stood at 14.4%, already exceeding our full-year guidance of 13%.

Given the strong H1 performance, we believe we are well-positioned to exceed the guidance given for the current year, both for the top line and the EBITDA. At the business level, our core business H1 revenue of INR2,033 crores helped us achieve approximately 50% of the FY27 target of INR4,000 crores. New businesses. H1 revenue of INR890 crores achieved nearly 60% of FY27 target of approximately INR1,500 crores.

Our balance sheet has further strengthened with net debt declining to INR518 crores and net debt to equity at a healthy 0.2x, marking our lowest-ever net debt position. Annualized ROCE stood at 21.4%, while ROE was 15.3%, reflecting improved capital efficiency and enhanced returns. Overall, the combination of strong growth across our businesses, improving margins, and a strong balance sheet positioned us well and gives us confidence in outperforming our FY27 guidance.

With this, I now hand over to Manish to take you through the financial numbers.

Manish Bhatia: Good afternoon, everyone. I will take you through the key financial highlights for Q2 and H1 FY27 before we open the floor for questions. Q2 was a strong quarter with robust revenue growth, significant margin expansion, and continued improvement in our balance sheet. On revenue performance, consolidated total income grew 57% year-on-year to INR1,699 crores in Q2 FY 2027 compared to INR1,082 crores in Q2 FY 2026.

For H1 FY27, total income stood at INR2,923 crores compared to INR2,049 crores, registering a growth of 42%. On profitability, consolidated EBITDA for Q2 FY27 more than doubled to INR259 crores compared to INR123 crores in Q2 FY26, with margins improving by 380 basis points to 15.3%. For H1 FY27, consolidated EBITDA grew by 73% to INR420 crores compared to INR243 crores in H1 FY26, with margins expanding by 250 basis points to 14.4%.

The improvement was driven by higher capacity utilization, better cost absorption, and operational efficiencies. All three utility bedding facilities in U.S. have ramped up and are currently operating at utilization level of over 65%. Consolidated PAT for Q2 FY27 grew by 2.5 x on year-on-year basis to INR132 crores compared to INR39 crores in Q2 FY26. For H1 FY27, PAT stood at INR195 crores compared to INR78 crores same period last year, a strong growth of 150%.

Balance sheet and returns. We continue to strengthen our balance sheet with net debt declining to INR518 crores as of September 2026, our lowest ever level. Cash and cash equivalents increased to INR315 crores compared to INR114 crores at the end of March 2026. Annualized ROCE stood at 21.4%, while ROE was 15.3%, reflecting improved capital efficiency and stronger returns. To conclude, Q2 and H1 FY27 demonstrate strong business momentum, improved profitability, and a healthier balance sheet.

With this, I would like to open the floor for questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Sani Vishe from PL Capital. Please go ahead.

Sani Vishe: Yes. Thanks for taking the question. I am just trying to understand couple of dynamics here. Given that the input costs continue to rise, and while we see the demand is steady, do you think the impact of the rising input costs is already factored in, or can we expect some pressure going ahead?

K. Muralidharan: Yes, the main input costs in our case, cotton and cotton-related products, prices have been going up, and normally we keep inventory of about four to five months. So that is acting as a cushion period till we go back to the customers and ask for price increase. So, naturally, whenever there is an abnormal increase in the prices, we can go to the customers and ask for increase.

Manish Bhatia: Just to add that the impact of the previous raw material price increase has already been passed on to the customers.

Sani Vishe: Okay. How long does it take to pass it on? What I am trying to understand is, whether there is a possibility of some pressure in the coming quarter or the second half? Is that a possibility? Is there a downside risk to the margins that you have already achieved, is what I am trying to understand.

K. Muralidharan: No, there won't be any pressure on the margins. As you know, we have been doing this as a normal business practice. If there is any significant increase in the input cost, then we go to the customers. Otherwise, we are able to maintain these margins.

Manish Bhatia: As we mentioned that we keep a buffer of four to five months, and the cost increases get passed on to the lag of quarter one or within one to two quarters. That is why it will not have a major impact on profitability or margins.

Sani Vishe: Okay. Basically, your pricing is done based on the inventory that you have. Understood. Great, sir. Thank you and best of luck for the next second half year.

Manish Bhatia: Thank you.

Moderator: Thank you. The next question comes from the line of Abhishek Shankar with ICICI Direct. Please go ahead.

Abhishek Shankar: Yes, thanks for taking my question, and congrats on the very good set of results. First of all, my question is regarding the operating environment. I just wanted to understand that, keeping in mind that we have seen the midterm elections pan out and we've seen the results now. So how do you see the operating environment in U.S. going ahead and how are the order book trends going into H2? Are you seeing a stable environment going ahead? Just wanted to get a bit of explanation on that.

K. Muralidharan: About the midterm election results, it's been a very recent one, so we are unable to comment at this point of time. What we, of course, feel is that the business will be as normal as what has been. We don't see any sort of- Everything is going to be positive, we feel. Order book position is healthy, so that's the reason why our guidance stays put. We have also mentioned that we'll be exceeding the guidance which we have given for the year.

Abhishek Shankar: Okay, sir. My second question, again, if I missed out, I am sorry if you answered this before. My second question was on the gross margin side. On the gross margin side, what exactly happened that you have seen a decline there? Of course, EBITDA margins have significantly improved, but what has happened on the gross margin side?

Manish Bhatia: Gross margin should be looked at on annual basis. Do not go with quarter- by- quarter. There is an impact of product mix, so GP margins can fluctuate, but they should range between 50%-55% on an annualized basis.

Abhishek Shankar: Okay. Okay, sir. Just one last question. I just wanted to just get a bit of clarity. We have seen a bumper quarter this year. If I see the Y-o-Y basis, we have seen a bumper quarter. I just wanted to understand what has been the mix in the sense that has this been driven a lot by new customers who got added, or is it just that the existing customer wallets that have grown so much that has driven the whole performance?

Manish Bhatia: Both, I think. We have gained market share also, and we have gained customer wallet share also.

Abhishek Shankar: Okay. Okay, I'll get back into the queue. Thank you.

Moderator: Thank you. Next question comes from the line of Jiten Doshi with Enam Asset Management Company Private Limited. Please go ahead.

Jiten Doshi: Anil ji and Mohit ji and team, many, many congratulations on what you have achieved. I think the entire strategy, what you spelt out two years ago, has unfolded beautifully. Just very proud that Indian company has been able to buy out a brand in the U.S. and create history. We definitely believe that the numbers that you spoke about in terms of your revenue guidance, I think you should achieve much, much more.

I think given the environment and given the way you all have been able to establish a manufacturing presence in the U.S., which is commendable, in a very short time and ramped up that capacity so well, I would believe that from this year, that is FY27 to FY30, it wouldn't be inappropriate to expect you to double the entire company size in three years. Would that be a realm of possibility?

K. Muralidharan: Thank you, Jiten bhai, for your kind words. We, of course, are on track to surpass the guidance which you have given, and we hope that this momentum continues into the next few years also. We wish that we are able to achieve the goals, probably, which you are also guiding us. We'll be able to achieve those numbers.

Jiten Doshi: No, there is no reason because you have been the only company who has gone there, acquired brands, built the front end, you have built a manufacturing base, you have done extraordinarily well by building capacity in India. I think on your core business, we are seeing that you have already made an 18% margin, and that margin is again a new high compared to the recent years.

Given the current situation, the FTAs opening up, et cetera, would it be possible for us shareholders to at least dream of a doubling from 2027 - 2030? Because there is no reason why U.S. demand won't bounce back, you won't see growth in other markets where the FTAs are

opened up, plus you are getting ready with the manufacturing capacity, suggesting that all of this should lead you to a 20% EBITDA margin with INR10,000 crores plus of top line. I mean, this is our expectation, and we don't see any reason why a capable team like yours will not achieve it.

Manish Bhatia: Jiten bhai, as of today, we will continue with the guidance which we have given by FY28 to double our revenue from FY25, from INR4,000 crores -INR8,000 crores. Naturally, with whatever you are saying, it goes in our mind, and then we will work it on and be hopeful, yes, what we are saying to-

K. Muralidharan: We will definitely work towards achieving greater.

Jiten Doshi: I think there is no reason for us to believe that this will not happen. It's just that on the contrary, we as shareholders would challenge you, given such great capabilities, such a great intent, and kind of execution that you have demonstrated, and the kind of facilities that you have created. I think first of all, congratulations. Hats off, you have done an extraordinary job.

From this, I think this should make you one of the fastest-growing companies in your space globally. That's our expectation. That's what we believe, and I think margins should ramp up. Where do you see your margins ramping up in the next years as you go into utility, 100% utilization? Where can margins really go?

Manish Bhatia: Sir, right now we are saying for this year, our guidance, we'll exceed on both on top line as well as on bottom line, EBITDA percentage also. For next year, we'll come back with the proper numbers and guidances.

Jiten Doshi: No, I think you all have done an extraordinary job. We really do believe that you are heading towards the INR10,000 crores top line with a 20% EBITDA margin. I just hope you don't disappoint us out there, because I think with such a capable management doing such extraordinary execution, to expect anything less would not be acceptable. Anyway, all the very best. Continue with the growth that you have shown and demonstrated great execution, and we look forward to you reaching INR10,000 crores sooner than later with a 20% EBITDA margin. All the very best.

Moderator: The next question comes from the line of Pritesh Chheda with Lucky. Please go ahead.

Pritesh Chheda: Sir, I have three questions. One, this INR8,000 doubling of revenue in CY28, I am assuming this CY28 is actually a calendar year 2028.

Manish Bhatia: Yes, it's calendar year 2028. Yes.

Pritesh Chheda: Okay. My second question is, what is the margin difference, either at the GP or at the operating, between core product and the new business, the core business and the new business?

K. Muralidharan: The core business, we have already given a guidance that it is about 15% EBITDA, and this quarter it has shown even better than the 15% which we had spoken about at the start of the year. As far as the new businesses are concerned, it has not come up to the same level, but over a

period of time, I think in the next few quarters, it should catch up. We would see by, I think, next two, three quarters, we should be able to still come to the same level as such.

Pritesh Chheda: Okay. My third question is, what is the extent of non-U.S. business in the core business in H1? So when you do INR2,000 crores and when you do the volume number which is mentioned, what will be the non-U.S. business size in it?

Manish Bhatia: As of today, core non-U.S. business is around 30%.

Pritesh Chheda: Okay. This, let's say now over the next three years, based on whatever FTA, etcetera, India has signed, core non-U.S. business, which is about 30% today, and whatever the size is, what it should be over the next three years.

Manish Bhatia: It should change. Say, from 70%/30% ratio, it should go to 50%/40%, we will see, but yes, the ratio will change on core business.

K. Muralidharan: I think our core non-U.S. business is also growing by 20%. So, we would expect this ratio to be in favor of the non- U.S. core business.

Pritesh Chheda: 60%/40% means 60% will become non-U.S. core business within the core, right. That is how 60%/40%, right. Today, what it is. 37…

Manish Bhatia: As of today, 70% is from the core U.S. So 70% might come down to 60%, but we do not want to put any number right now.

Pritesh Chheda: Okay.

Manish Bhatia: Something will change, Yes.

Pritesh Chheda: Okay. My last question is, on the U.S. business, on the core U.S. business, we have come back to the size. Have we come back to the size where we left two years back, which is at FY25? Or it is the non-U.S. business which is actually bringing you back to the INR4,000 crores revenue or the 100 million meter volume?

Manish Bhatia: Say, for FY25, we achieved a volume of around 106 million meters.

Pritesh Chheda: Correct.

Manish Bhatia: This year again, we are going back to almost the same level.

Pritesh Chheda: My question is, sir, has the U.S. business really now come back, or it has not come back?

Manish Bhatia: Sir, Yes, both put together.

Pritesh Chheda: Okay. Okay, sir. I will come back. Thank you.

Moderator: Thank you. Next question comes from the line of Harsh Mittal with Emkay Global Financial Services. Please go ahead.

Harsh Mittal: Yes. Thank you for the opportunity. Good afternoon, team. Firstly, congratulations on a superb set of results. I have a few questions. First question, and apologies if this has been answered, but despite a sharp jump in the realizations, this jump in realization is basically covering your raw material expenses, or is it something related to refunds pertaining to the U.S. tariffs, sir? This is the first question. Thank you.

Manish Bhatia: No, refund of tariff is not included in this. It is basically overall operating efficiencies.

K. Muralidharan: And product mix.

Manish Bhatia: And product mix.

Harsh Mittal: Understood. Second question, sir, is the change in the working capital. This first half, we have seen outflow in the working capital, adverse working capital. Compared to the last year, any explanation on the same? Why has it changed so much?

K. Muralidharan: No, in fact, the working capital cycle has improved from March, if you see. The number of days has come down by at least three weeks. The overall cycle has improved as of September 30th.

Harsh Mittal: Okay. Thank you, sir. I will follow up later.

Moderator: Thank you. Next question comes from the line of Prerna Jhunjhunwala with DAM Capital. Please go ahead.

Prerna Jhunjhunwala: Hi. Thank you for the opportunity, and congratulations on strong set of numbers. Sir, my first question is on account of average realization. What is the reason for sharp improvement in average realization? What kind of product mix improvement has happened, and could you give some idea about the same to have a better understanding?

K. Muralidharan: Prerna, basically, just the product mix in the sense that it's a higher value orders which we have executed in this quarter. That's the main contribution towards this one, the average realization going up.

Prerna Jhunjhunwala: The follow-up on this is that, is this sustainable, or this will change as per quarters, and we should not put in much thought to this quarter's average realization?

K. Muralidharan: The product mix is sustainable. In any case, as earlier we mentioned that product realization should not be looked at only for the quarter as such. The overall Gross margins will get maintained over a period of year.

Prerna Jhunjhunwala: Okay. Second question is on the new businesses. After this sharp improvement in new businesses, do we continue to maintain the two third one third ratio between utility and USA brand business, or there is any change in this quarter?

Manish Bhatia: As of now, yes, same, two third one third between utility and branded.

Prerna Jhunjhunwala: Okay. This sharp improvement in the branded business has come because of Wamsutta. Is it fair to assume that?

Manish Bhatia: Yes, Wamsutta has played a big role, Yes.

Prerna Jhunjhunwala: Okay, understood. Third question, lastly, is the greenfield plant also is operating at 65% utilization, or you have been talking about 65% at an average level on total capacity?

Manish Bhatia: No, all three plants are 65% plus.

Prerna Jhunjhunwala: 65%...

K. Muralidharan: So, all three plants are doing higher than the 65% utilization.

Prerna Jhunjhunwala: Understood. One macro question on U.K. and Europe. You have answered the geographic distribution. I just wanted to understand how are the customers reacting to the FTAs now that we have been already three to four months into implementation. What kind of improvement, negotiations, and product developments? What kind of products you are actually negotiating for? Some highlights on U.K. geography should be helpful to understand what we can expect in Europe as well.

Manish Bhatia: U.K. FTA was got implemented in July. E.U. is yet to happen. As we mentioned in our last call also, we have seen much better interactions with the customers. There is lots of inquiries already coming in. There is lots of interest in this geography. Let us see when this start coming into the final end volumes.

Prerna Jhunjhunwala: Understood, sir. Thank you and best wishes for festivities and for future performance. Thank you.

Manish Bhatia: Thank you.

K. Muralidharan: Thank you.

Moderator: Thank you. Next question comes from the line of Ashish Vanwari with Nuvama. Please go ahead.

Ashish Vanwari: Hi, sir. Thank you for the opportunity. Congrats on a very strong performance this quarter. Sir, my first question is regarding the current year guidance. Given the H1 run rate and the soft base that we had last year, don't you think it's INR5,500 crores is kind of on the lower side of what we can achieve?

Manish Bhatia: Yes, we believe that we will be exceeding our guidance for this financial year. As of today, we believe so.

Ashish Vanwari: Sir, if you can provide any color as to what to expect on that front, that would be great. Secondly, sir, on the volume front as well, if I see that our current utilization stands at about 73% odd, and given that the U.K., E.U. is just opening up, are you foreseeing any capex or is any capex in plans from the core business side in the next, let's say, six months or one year's time?

K. Muralidharan: Yes, on the guidance, we gave this guidance much before the year started. The guidance of INR5,500 crores for revenue. Over a period of time, we are seeing a good business adding to

our kitty. We are seeing this, we will be able to surpass this at this point of time when we have seen the performance in the six months.

As far as the utilization is concerned in the core business, yes, we have still some space or capacity to exploit. The management has earlier also, the earlier calls we have told that at appropriate time, the board would take a decision on that further capex for adding any capacities.

Manish Bhatia: Ashish, just to add that to reach to our guidance of CY28 of INR8,000 crores, we don't need any growth capex for that. But beyond that, we will see that.

Ashish Vanwari: Sure, sir. Just one last bit. Sir, can you help understand how are the margins in the new business segment in the current quarter? I understand that we achieved breakeven sometime back in Q4. Just wanted some color on that.

K. Muralidharan: The new businesses, the EBITDA margins are at the lower double digit at this point of time. We expect when the full scale of operations comes up, we should be able to reach the same level of margins which the core business has.

Manish Bhatia: Overall, the blended margin for this year, we have guided it, given in 13%. Overall, we should be exceeding that. In near term, when we reach to a full capacity utilization for new business, we should be equal to our core business, which is 15%.

Ashish Vanwari: Sure, sir. This is quite helpful. Thanks and greetings for the festive season. Thank you.

K. Muralidharan: Thank you.

Moderator: Thank you. The next question comes from the line of Soham Samanta with Motilal Oswal Financial Services Limited. Please go ahead.

Soham Samanta: Yes, thank you, sir. Thank you so much for the opportunity. Just wanted to check a couple of things on capex. We have guided INR250 crores for the full year, and half year, in our H1, we have done only INR40 crores. Are you confident that INR200 crores will be deployed in H2, or some capex will go forward in FY28?

Manish Bhatia: When we gave a guidance of INR250 crores, we said it will be 12 - 18 months. The full INR250 crores will not be spent during this year.

Soham Samanta: Okay. A second thing on your new business, when we are saying that a low double-digit margin, so assuming 11%-12% of the margin, and we are already utilizing 70%. What we are saying is that from 70% to 100% jump, the margin will go from 11% or 12% - 15%. Is that right?

K. Muralidharan: This will be more from the manufacturing operations as well as the branded business which we are already in. As more products are sold under brands, I think we will be able to get better margins.

Soham Samanta: Got it. Okay, sir. Thank you very much.

Moderator: Thank you. Next question comes from the line of Pritesh Chheda with Lucky. Please go ahead.

Pritesh Chheda: Sir, just a small bridge I wanted to understand. So, let us say from H1 this year versus H1 last year, what will be the blended price hike? What will be the currency change? So, these are the two changes in the benefit side. Then on the cost side, you will have a higher freight cost and a higher raw material cost in the form of yarn cost. So, just the percentages, broader percentages, not the precise one, what it should be, sir?

K. Muralidharan: No, Pritesh, we may not be able to divulge so much of details actually. What I can say is that as far as the freight cost is concerned, we are doing most of our business on FOB or CIF basis, so very less impact on this one. All these freight hikes are borne by the customer.

Pritesh Chheda: Okay.

Moderator: Mr. Chheda, are you done with your question?

Pritesh Chheda: Yes, sir.

Moderator: Thank you. Next question comes from the line of Karina with SMIFS Limited. Please go ahead.

Karina: Yes. Thank you for the opportunity, and congratulations on a good quarter. Just a few questions. One is, the capacity utilization for the U.S. units currently stands at 65%. Could you help me understand when will we see this reach peak utilization? That is one. Considering how you plan on expanding Wamsutta, and we have newly licensed Tommy Hilfiger and other brands, do you see us exceeding this $100 million target by FY28 that you are guiding for?

Do we see this exceeding? That is my second question. Lastly, considering we have good operational cash flows, Yes, we do have capex coming in, but do we see any sort of debt reduction plans in the near future? Just lastly, on a follow-up question to an earlier participant, the capex is planned for the next year and a half. The rest of INR250 crores, could you give a breakup of how much can we expect in H2 and how much will sort of go into FY28? Yes, those will be my questions.

Manish Bhatia: Yes, Karina. Couple of questions you asked. First of all, on this 65% going to 100%, we already mentioned that it will be by CY28 we seek to go to full capacity utilization of our utility business. Second question was on Wamsutta. Yes, as of today, the overall guidance for branded business to be at $100 million by CY28. We go with that.

We will see if there is any uptick is possible. On cash flow for capex, see, yes, today, for this financial year, we have announced a capex of INR250 crores, which will be spent in 12 - 18 months. During first half, we have done around INR40 crores. So, rest will continue from that same perspective. The last question was on the net debt reduction. Yes, definitely with this, whatever cash profit comes in and with this after the capex which we announced, there will be a reduction in net debt.

K. Muralidharan: The company has been following, whenever there is surplus cash flows or free cash flows, we have been able to reduce the debt, which you have seen the numbers coming down.

Karina: Yes, sir. Understood. Just on the capex part, how much do we see in the second half in FY27, and how much do you think will flow through like FY28?

K. Muralidharan: The major two different projects which we have taken up, the effluent treatment as well as the spinning. Spinning could happen probably in this current year, majority in the current year, but the effluent treatment probably would spill over to the next year.

Karina: Understood, sir.

K. Muralidharan: We are not able to give any specific number at this point of time, but spinning could get, most of it should be done before this year end, I believe.

Karina: Understood, sir. Just one last question I would like to squeeze in is, I know you have not given any updated guidance on the margin, but considering such a strong quarter of the first half, and as you mentioned, the core to new business mix will change, with U.K. FTA, there is so many positives. Do we see that the margin guidance could be updated to, say, 18%-20% range?

Manish Bhatia: Karina, not on immediate basis. Yes, but for this year, from 13%, we can go up to 14%, 15%. Let us see. Yes, but we will not go beyond that.

Karina: Understood, sir. Thank you so much.

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.

K. Muralidharan: Thank you, everyone, for joining us today. We hope we have been able to address all your queries. Should you have any further questions, please feel free to get in touch with SGA, our Investor Relation Advisors. Thank you once again for the continued interest and support. We look forward to connecting with you on our next call. Thanks.

Moderator: Thank you. Ladies and gentlemen, on behalf of Indo Count Industries Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines.