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Kaytex Fabrics Ltd.
Specialists in : SUITINGS, SHIRTINGS
Sales Office :
After Suncity Turn, Main Batala Road,
Amritsar-143 001

Ref. No. .....

Dated .....

Date: November 24, 2026

To,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051.

Symbol: KAYTEX

Subject: Submission of Transcript of Earnings Conference Call for H1 FY 2026-27

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Conference Call of the Company held on Wednesday, November 18, 2026, to discuss the Un-Audited Standalone Financial Results of the Company for the half year ended September 30, 2026 (H1 FY 2026-27).

The transcript is also available on the website of the Company at https://kaytexfabrics.com/.

This is for your information and records.

Thanking you,

Yours faithfully,

For Kaytex Fabrics Limited

SANJEEV KANDHARI
Digitally signed by SANJEEV KANDHARI

Sanjeev Kandhari
Managing Director and Chairman
DIN: 01412837

"Kaytex Fabrics Limited
H1 FY27 Earnings Conference Call"
November 18, 2026

MANAGEMENT:

SANJEEV KANDHARI
CHAIRMAN & MANAGING DIRECTOR

AMIT KANDHARI
WHOLE-TIME DIRECTOR

CHAHAT KANDHARI
CHIEF FINANCIAL OFFICER

SAGAR KANDHARI
STRATEGIC ADVISOR

Kaytex Fabrics Limited
H1 FY '27 Earnings Conference Call
November 18, 2026

Moderator: Ladies and gentlemen, good day and welcome to Kaytex Fabrics Limited H1 FY '27 Earnings Conference Call hosted by TIL Advisors.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*" then "0"on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Mehra from TIL Advisors. Thank you and over to you, Mr. Mehra.

Abhishek Mehra: Thank you, Nirav. Good morning and welcome everyone. Thank you for joining this H1 FY '27 Earnings Conference Call of Kaytex Fabrics Limited, the company's First Earnings Call since its listing on NSE Emerge platform.

The investor presentation has already been uploaded on the stock exchange. In case you do not have a copy of the same, please feel free to reach out to us.

To take us through the discussion, we have with us today, Mr. Sanjeev Kandhari – Chairman and Managing Director; Mr. Amit Kandhari – Whole-time Director; Ms. Chahat Kandhari – Chief Financial Officer; and Mr. Sagar Kandhari – Strategic Advisor.

We will start the call with a brief overview of the business and the financial performance, which will be followed by the Q&A session.

I would like to remind you all that everything said on this call that reflects any outlook for the future, which can be construed as a forward-looking statement, must be viewed in conjunction with the risks and uncertainty that the company faces. These risks and uncertainties have been mentioned in our annual report.

With that said, I will now hand over the call to Mr. Sanjeev Kandhari. Over to you, sir.

Sanjeev Kandhari: Hello. Good morning, everyone, and thank you for joining us. This is really an important day for us, and Kaytex began in 1996 as a family-run weaving unit in Amritsar. And for most of the 30 years since, the people who needed to understand our business were our customers, our suppliers and our bankers. Since our listing on the NSE Emerge platform in August 2025, our circle has grown to include you, our shareholders and the wider investment community. This is the first time we are speaking to you directly in this format, and I would like to use it well.

So, I will do something slightly different today. Before we discuss the numbers of the half-year, I will spend some time explaining how our business works, where the value is created, and which measures we believe you should watch to judge how we are doing. And after that, Chahat will take you through our H1 FY '27 financial performance, and Mr. Amit will cover our strategy and the investments underway. And I will close with our outlook before we open the floor for questions.

Let me start with the, what Kaytex is?

Well, we are an integrated manufacturer of fabrics and fashion. From one manufacturing base in and around Amritsar, we make digitally printed jacquard, dobby, and corduroy fabrics in cotton, viscose, modal, linen, polyester, and various other fibers. We also make ready-to-stitch women's wear, co-ord sets, shawls, scarves, and stoles. And our products go into ethnic wear, everyday fashion, and even home textiles also.

I would suggest you look at Kaytex through five lenses. And the first lens is integration. We buy yarn, and almost everything after that happens within our own units. That is weaving, sizing, dyeing, processing, digital printing, embroidery, and finishing are all done in-house until the product is packed and dispatched.

This matters for three reasons:

- It gives us control over quality. It gives us speed, which is really essential in fashion, where designs change every season and customers want smaller and quicker runs. And it lets us keep the margin of what would otherwise be shared within a chain of outside job workers. That is why our EBITDA margin was 17.67% in FY '24, and 19.29% in FY '25, and 18.6% in FY '26, which is high for a textile company of our size.

- And now I come to the second lens, that is the product mix. And in particular, digital printing. Digital printing is our largest and fastest growing line, and it carries more value addition than our woven fabrics. We started digital printing in 2020 with a capacity of just 3 lakh meters a year. Today, the capacity rose to 141.5 lakh meters a year, out of a total installed capacity of 208 lakh meters across all our lines. Digital printing has gone from 40% of our installed capacity in FY '24 to 68% in FY '26.

  Jacquard, at about 44 lakh meters, is the line on which the company was built, and it remains the base of our Kaytex and Darbaar-e-Khaas brands.

  The market is moving from traditional printing to digital, because digital allows shorter runs, customization, and faster turnaround. And it uses less water and generates less waste. We moved early into the shift and scaled quickly.

  I should also be clear that digital printing is attracting new entrants, and per-unit margins in the line have come under some pressure. And our answer is to add more value on top of the print through embroidery and other finishes, so that we compete on the full product we deliver and protect our margins.

- Now, it comes to the third lens is now we reach the market. We have three routes. As a brand enabler, we supply fabrics and design to apparel brands, mainly in the larger cities, and handle product development and execution for them. Through our own brand, we sell to consumers through distributors, mainly in Tier-2, Tier-3, and Tier-4 towns of Northern India.

  Rasiya is our principal brand, built around digitally printed and embroidered unstitched suits, and it has been our strongest growth driver. Kaytex is our brand for Jacquard suits and shawls, and Darbaar-e-Khaas launched in 2024 serves the value segment. Our non-branded business supplies wholesalers and retailers in bulk and helps keep our capacity well used.

  In FY '26, our brands made up of 60% of our revenue. The brand enabler business got 20% in non-branded sales 22%, and services making the remaining 8%. Because our sales are spread across these three channels, no single customer dominates our book.

- The fourth lens is working capital. An integrated model like ours carries more inventory than a company that outsources part of its production. We hold yarn, grey fabrics, dye and inks to feed several internal processes, and we hold finished stock so that we can deliver quickly. Our trade customers also work on the longer payment terms that are common in textiles.

  As a result, a large part of our profit is invested in inventory and receivables, and our cash cycle is longer than that of smaller, less integrated companies. In FY '26, our inventory days rose from 86 to 120, as we bought raw materials in advance to protect ourselves against rising yarn prices, and our debtors' days rose from 75 to 93. Some of this is structural and is part of what protects our margin and our service levels. Some of it can and must improve, and we have made it a management priority. We would encourage you to assess our cash-in conversion over a full year, since a single half can be affected by the timing of raw material purchasing and seasonal stockings.

- The fifth lens is the institution we are building. Kaytex was run for many years by our family. Our listing was the first step in turning it into a professionally managed company. We are defining clearer roles, bringing professionals below the promoter level, and strengthening our system and governance.

  Our Board includes the independent directors with experience in banking and in chartered accountancy. As part of this approach, we have chosen not to give numerical guidance. Our business is largely business-to-business and our industry is competitive. So, we would prefer to build a record of doing what we say.

  So, if you were to track a few measures each half year, we would suggest these: Revenue growth and it is mixed by channel and product, gross margin as a red on raw material costs and capacity, EBITDA margin, inventory and receivable days, capacity utilization as new capacity comes on stream, and the share of exports.

With that background, let me hand over to Chahat Kandhari, who joined us as Chief Financial Officer in September 2026, to take you through the results for the half-year. Chahat, please.

Chahat Kandhari: Thank you, sir, and good morning everybody.

So, let me walk you through H1 2027 performance:

H1 2027 was a strong half-year for us in terms of growth. Revenue from operations rose by 34.42% year-on-year to INR 100.26 crores from INR 74.59 crores in H1 2026. This is the first time our revenue for a half-year has crossed INR 100 crores and it is 15.7% higher than INR 86.65 crores we reported in the second half of 2026. Domestic revenue rose 34.36% to INR 95.38 crores as we deepened our presence in regional markets across Northern India. Exports rose 35.28% to INR 4.87 crores.

In volume terms, we produced 82.83 lakh meters of fabric in the first half, which is about 62% of our production for the whole of 2026, and capacity utilization rose to 75.9% from 63.62% in FY 2026.

Gross margin was 29.59% compared with 32.2% in H1 2026. The decline of 261 basis points reflects higher prices of yarn, which rose sharply following the conflict in the Middle East. The rising share of higher value-added products, digital printing in particular, helped offset part of this inflation, and gross margin improved from 28% in the second half of 2026.

Employee costs were INR 3.57 crores, up only 3.8%, and fell to 3.56% of revenue from 4.61% as we got more output from the same base. Other expenses rose to INR 8.71 crores from INR 5.75 crores. EBITDA rose 17.24% to INR 17.39 crores. The EBITDA margin was 17.34% compared with 19.88% in H1 2026 and 17.49% in H2 2026.

Finance costs fell 19.24% to INR 1.72 crores as average borrowings were lower than in H1 2026. Depreciation rose to INR 2.71 crores with the capacity added over the last year. Profit before tax was INR 13.37 crores, up 21.93%, and profit after tax rose 16.36% to INR 10 crores, a PAT margin of 9.98%.

Earnings per share was INR 6.81 compared with INR 6.84 in H1 2026. The two figures are not directly comparable. The shares from our public issue were allotted during H1 2026 and counted for only part of that period while H1 2027 carries the full share basis.

Turning to the balance sheet:

Inventories rose to INR 79.46 crores from INR 63.91 crores and trade receivables to INR 68.72 crores from INR 46.85 crores in line with higher sales. On an annualized basis, using average balances, inventory days were 130 against 120 at March and debtor days were 105 against 93.

We funded this increase mainly through short-term borrowings, which rose to INR 39.15 crores. Total borrowings were INR 51.83 crores and net of cash of INR 7.69 crores. Net debt was INR 44.14 crores. Our debt-to-equity ratio was 0.41x compared with 0.21x at March which remains at a comfortable level. Because of the build-up in working capital, cash flow from operations was negative INR 18.98 crores for the first half.

On our IPO proceeds, of the net proceeds of INR 49.35 crores, INR 43.12 crores had been deployed by 30th September 2026 in line with the object of the issue and the balance is earmarked mainly for our corporate and sales office with the additional warehouse in Amritsar.

With that, I handover to Mr. Amit Kandhari to talk about our strategy.

Amit Kandhari: Thank you, Chahat. Good morning, everyone. This is Amit Kandhari this side.

Our strategy is to grow by deepening what we already do well. I would like to update you on the five areas:

- First is the digital printing capacity. In September 2026, we bought a new digital printing machine for INR 3.2 crores, which is now being installed at our existing unit in Amritsar. It will add about 56.2 lakh meters a year.
- Second is the value addition. In financial 2026, we added an Aari embroidery line and we plan to expand in both scale and range. Embroidery and other finishes turn a printed fabric to a higher value product. This supports our margin in a more competitive printing market and strengthens our position as a single stock supplier. We will also add Jacquard capacity selectively where the demand supports it.
- Third will be brand and distribution. Rasiya remains our main focus for the next five years. We are working to consolidate our presence among the dealers and distributors across our region through the coordinated dealer meet and exhibitions. Beyond Punjab, we intend to extend our reach into Chandigarh, Delhi, Haryana and Jammu using our larger printing capacity to

win the new clients and widen our product category. In exports also, we will continue to build selectively supported by a shift in global sourcing towards India.

- Fourth is the infrastructure. Our corporate and sales office and the additional warehouse in Amritsar both funded by the public issue are under construction and due for completion by this year.
- Fifth is the working capital and systems. We are improving how we plan raw material purchase and production and investing in the system, data and reporting so that we can carry inventory, our model, which is best for us.

Underpinning all this as a professionalization of the organization, we have strengthened the finance function, and Chahat joining as a Chief Financial Officer, we continue to add professionalism across all the functions.

With that, I hand back to Sajeevji.

Sanjeev Kandhari: Thank you, Amit.

Now to sum up, the first half showed that the demand for our products is healthy and that our integrated model can grow quickly once market conditions settle. Growth this half was well ahead of slower year we had in FY '26. Margins were lower because of raw material cost and our working capital rose with growth. We are working for both.

Looking ahead, our priorities are clear. We will bring the new digital printing capacity on screen, deepen the value we add in-house, grow Rasiya and our other brands across Northern India, build our export business carefully and complete the office and warehouse by March 2027. We will stay watchful on raw material prices and focus on converting more of our profit into cash. As I said earlier, we will not give numerical targets. What I can promise is that we will report to you openly every half year, explain what went well and what did not, and let our results speak.

With that, I hand back to the moderator to open the floor for the questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Vishvender Singh from Prudent Equity. Please go ahead.

Vishvender Singh: Sir, in your presentation, you mentioned that you have purchased more digital printing capacity machines worth INR 3 crores. What is the timeline for this commissioning and how much capacity is to be added?

Sanjeev Kandhari: I think, hopefully, this will start commercial production in the month of December end or Jan start.

Amit Kandhari: It will add about 56.2 lakh meters per year. I have already mentioned in the speech.

Vishvender Singh: Another question on the working capital. Cash flow from operations has been negative, but our debt has also increased almost 3x from March end. How will we like funding our second half capital requirement? Are we taking any more debt?

Sanjeev Kandhari: Well, we are not planning to raise more debt. We are squeezing our inventory level so that we should not require any more debt. We will adjust our inventory so that we do not require more debt. We will do with this debt only.

Amit Kandhari: And the buildup in the working capital is seasonal, so this will actually come down. Typically at this point in the year, these numbers do get higher, both the debt and the working capital. So that is an actual buildup that we will wind down over the next 6 months.

Vishvender Singh: So you majorly serve the Punjab area and Haryana area and Baisakhi is in the April season. So, is it fair to assume that you are building up for that and related festivals?

Sanjeev Kandhari: Can you repeat?

Vishvender Singh: Since you serve majorly in Punjab and Haryana, and the majority of the festivals in that alone comes in March and April, so is it fair to assume that you are building your inventory for that portion of the month for the next year?

Sanjeev Kandhari: No, major season is from September till 15th of December. Then again the next season starts from 15th April till 15th May. So we have two major seasons. So, we have already built up our inventory for this season, which is going on, which is going on good. And we will again maintain inventory for the next season.

Vishvender Singh: And on the receivable side, you mentioned that there has been a jump from INR 47 crores to almost INR 69 crores. So, are we doing more sales on credit and how is the situation there? Are we seeing any cash crunch or cash receivable issue?

Sanjeev Kandhari: Well, we are doing all the sales on credit. We are not selling on cash. So, our receivables are higher right now because of the increase in the sales also. Because sales jump, that is why the receivables also jump because of the high season demand.

Vishvender Singh: So you expect them to normalize going ahead. Is that correct?

Sanjeev Kandhari: This will be a new normal. As the sales continue growing, this will be a new normal.

Amit Kandhari: The number of days will come down over the next season.

Sanjeev Kandhari: Number of days will come out, but the amount will be almost the same.

Vishvender Singh: That is what I was asking. The number of days will come down as we go ahead. Is that correct?

Sanjeev Kandhari: Yes. That is what we are working hard on it.

Vishvender Singh: And on the PPT, you mentioned that there has been some PLI schemes that have been announced for digital printing. So, are we eligible to get some of these in the next one or two years?

Amit Kandhari: We are exploring that, but not yet. We have not applied for any of that at the moment.

Vishvender Singh: Sorry, sir, your voice was a little muffled. Can you please repeat?

Amit Kandhari: We are exploring that. We are not qualified for any of those at the moment in terms of investment that we have done. So there are higher investment requirements.

Vishvender Singh: And lastly, on the expected revenue growth and margin profile that you can share for FY '27 and FY '28.

Sanjeev Kandhari: Can you repeat what you are saying?

Vishvender Singh: I wanted to ask about the revenue growth that you want to guide for FY '27 and FY '28 and the margin profile for the whole year.

Sanjeev Kandhari: Well, we cannot give the numbers right now because we are not supposed to give the numbers, but we are growing in a very good way. I think it is a very healthy growth right now.

Amit Kandhari: We have already seen 24% growth in this phase in the first half. We will try to achieve the same in the second half also.

Vishvender Singh: And on the margins, sir, margins have slightly dipped from 20% to 17%-17.5%. So, are we seeing them going back to 20%?

Amit Kandhari: This is a slight variation. Because of the Middle East war, the prices have risen so much in the raw material.

Vishvender Singh: So, is it fair to assume that we can see them going ahead to the 20%, 19%-20% level when things normalize?

Sanjeev Kandhari: As we told you that since we are feeling pressure because the new entrants are coming, so I don't think that we are going to again touch 20% because of the market pressure. For keeping the company healthy, we are adding on the capacity so that our total revenue and total margins should not go down. But in the percentage wise, we don't think that we are going to touch 20% again.

Vishvender Singh: That will do.

Moderator: Next question is from the line of Aditya Baid from YS Wealth Management. Please go ahead.

Aditya Baid: So, my first question is on growth. Revenue is up about 34%, but gross margins are lower. How much of this growth has come from volumes and how much from the pricing part? And did we have to take any price cuts to drive these volumes?

Sanjeev Kandhari: Well, the growth is majorly from the volumes, not because of price cuts. Because the last year, it was a little bit slower. So if you are comparing the last year H1 FY '26 and comparing with that, that is why we are growing 34%. Otherwise, I think 20%-25% we are growing in a very healthy way.

Aditya Baid: Also, last year's first half was impacted by the disruption in Punjab and then the floods. How much of this 34% growth is simply recovery from that low base, and how much is coming from the new customers and new markets?

Sanjeev Kandhari: As I told you earlier also, the threshold limit was a little bit low because the last year was very lean. So, some part was because of that and some part is the growth in the customer building and more product addition, both.

Aditya Baid: The second half has usually been the stronger half for us and the inventory is up around INR 15 crores since March. So is this stock built against orders already in hand? Or is this the expected demand in this season? And how is the demand looking so far?

Sanjeev Kandhari: Well, the demand is quite good these days because we always prepare ourselves for the coming season. So because of winter range, that is our major season, the second half. So, we have to keep the inventory level ready so that we don't miss our customers. So that is one of the reasons why we keep higher inventory.

Amit Kandhari: We are majorly focusing on our own brand, that is Rasiya, and for that we have to keep our inventory tight in a position so that we can have a ready sale. Whatever we have put up in the last 3-4 months, we are getting the results of that also, very good results.

Moderator: Next question is from the line of Yug Baid, individual investor. Please go ahead.

Yug Baid: I have a few questions. First was regarding as digital printing is now the largest part of our capacity and you mentioned that margins there are under pressure. So, could you help us understand where exactly that pressure is, and is it mainly in job work printing, or is it affecting our brand products as well?

Sanjeev Kandhari: Well, the pressure is majorly in the plain print, that is in job work and the plain print parameter, not in our own brand because we are keeping on value addition products day by day and innovating new products. So, it is not hurting there only.

Yug Baid: And the second question was that our own brands are now around 60% of our revenue. How do margins in the branded business compare with the brand enabler business? And does the branded business need more inventory and longer credit? Is that why working capital has gone up?

Sanjeev Kandhari: Yes. Since for brand business we have to keep more inventory, so, that is the reason that we have to keep more inventory for brands. And our major input contribution is 60% for brand. That is the reason we have to keep more inventory for that.

Amit Kandhari: Just to add to that, the margins, we don't have segment-wise margins as such created like that. But directionally, our own brand business is while they have higher working capital, they also have higher margins embedded into it.

Yug Baid: And the next question was, could you tell us a little more about Rasiya? Which price segment does it play in? And how often do you launch new collections? And are there any plans to sell it online or through your own stores?

Sanjeev Kandhari: Mr. Amit, can you comment?

Amit Kandhari: Could you repeat the question?

Yug Baid: Yes. Could you please tell us a little more about Rasiya? Which price segment does it play in? And how often do you launch new collections? And are there any plans to sell it online or through your own stores?

Amit Kandhari: No, no. We are selling all our products through our distributor channel. And we are expanding that channel. We are expanding the markets as well as distributor channel also. We are not planning for online or our own stores. And what we have are seasonal collection. Every three months, we put up a new range for our Rasiya and are getting good approvals from the market.

Yug Baid: Last question, how does the distribution model work? And in terms of distributor margin, credit and returns of the unsold stock, and as we enter Delhi, Haryana and Chandigarh and Jammu, how long does it take for new markets to become meaningful for us?

Amit Kandhari: New markets are always meaningful. We are getting very good response from the new market also. We have a network which is having a backup of 30 years. That is, we are growing steadily in this market just because of our network. Distributors are comfortable in their margins. We don't have a policy of getting all the unsold goods returned.

Yug Baid: That's it from my side.

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

Keshav Garg: So, Mr. Kandhari, thank you very much for this opportunity. Sir, firstly, I wanted to understand that our sales volumes, it seems, are not keeping pace with our revenue numbers.

For example, our FY '23 sales volume was 43 lakh meters, which doubled to 88 lakh meters next year, but our revenue increased by roughly 25% only. And if you look at since FY '23, the volume has increased over 3x from 43 lakh meters to 132 lakh meters in FY '26, but revenue not even doubled from INR 98 crore to INR 161 crore.

So, I am trying to understand that has the product mix changed and maybe that is why there is a divergence between volume and the revenue?

Sanjeev Kandhari: Exactly, you have caught the right thing. The major reason is the product change in the product mix. Now we are majorly producing cotton fabrics. Initially, we were producing more festive products. Now we are majorly producing cotton fabrics which are in demand for more longer periods. That is why our sale is growing.

Keshav Garg: Now, sir, if we look at our brand enablement, I am not able to understand. Sir, is it just white labeling that we are doing for established brands like Manyavar, etc.?

Sanjeev Kandhari: Sort of, yes, exactly.

Keshav Garg: And the third segment that is there, so why are we, I mean, one is brand enablement and that is our own brand. So obviously, own brand sale would be the best. But after that, why are we doing that bulk sale? Why not 100% own brand as well as white labeling?

Sanjeev Kandhari: Basically, our always target is to achieve 100% production of our own brand, but it takes time. We are doing all the hard work and all the nitty-gritty things to get there only, but it takes time. So not to lose the capacity, so we are using the idle capacity so that we can use that channel also. Why should we keep our capacity idle? We are catching that opportunity also. And even brand enablement business is not a bad business. It is a very growing business. Basically, brand enablement business has a good potential of growth.

Keshav Garg: So, are we not able to get enough orders in the brand enabler segment so that we can shift the 12% bulk non-branded sale into brand enablement?

Sanjeev Kandhari: Yes, you are right. We are a little bit lagging there because brand enabler, we are not getting that order. We are doing harder there also. Maybe we will get there also. Since we are increasing the production, we are not leaving any opportunity of sales so that we should measure. So we are doing all the three segments. That is the reason.

Amit Kandhari: Just to clarify the previous point, I think there are multiple capacities in place. There are multiple products and multiple capabilities in place. It is not a single product. So you have extra capacity. You don't let a machine to run dry and whatever extra capacity which has not been going to our brands or enablement gets used and then gets sold off in the bulk market. And if you look at the numbers in the last four years, the share of our non-branded bulk business has drastically come down. So it is a conscious effort. But we keep that swing capacity to offset the fixed cost and this also gets sold at a relatively decent margin.

Keshav Garg: Now, sir, all these three brands that we have, Rasiya, Kaytex and Darbaar, they are all owned by the company or the promoter?

Amit Kandhari: All owned by the company.

Keshav Garg: Now, sir, I am just trying to understand our business. So, we are buying yarn from the market and then we are making the fabric. And are we doing any plain grey fabric sale or full sale is of dyed or even printed and maybe embroidered? So basically, is it 100% value-added sale or some part we are doing plain vanilla fabric sale also?

Amit Kandhari: That is all value-added sale. We don't do vanilla fabric sale.

Sanjeev Kandhari: Major part of the sale is a value-added sale.

Keshav Garg: And we are making, our end product is fabric. We are not into garmenting, etc., ourselves?

Amit Kandhari: Correct.

Sanjeev Kandhari: We are making fabric and we are also selling unstitched suits.

Keshav Garg: Sir, suits means salwar kameez and so on?

Sanjeev Kandhari: Yes. Salwar kameez or [**Inaudible** 00:37:08].

Keshav Garg: So we are making the full salwar kameez. It is a garment, basically.

Sanjeev Kandhari: It is an unstitched suit. It is not a garment. We are not stitching that thing. We are giving unstitched.

Keshav Garg: Sir, so any plans for further forward integration into garmenting?

Amit Kandhari: We are looking forward for that also, but not right now.

Keshav Garg: And sir, what is the risk of sales return in our business, especially in our own brand, the sales that we are making to our dealer distributor? So if in case it is unsold, then are we obliged to buy it back?

Amit Kandhari: We are not bound to take it back. Just to maintain the good relation with the customer, we sometimes take back some of the unsold. It is not an obligation on us to take back the goods.

Keshav Garg: And sir, are we buying these digital printers from, there is a Gujarat-based company, True Color. They are selling digital printer, ink, sublimation paper, etc. So, are we buying from them?

Sanjeev Kandhari: Yes, we are buying from them only. Majorly, we are buying from them only.

Keshav Garg: And ink, sir, there is another company, Jaysynth Orgochem. Sir, are we buying ink from them?

Sanjeev Kandhari: No, no, we are buying from True Color only.

Keshav Garg: And sir, are we into rotary printing also?

Sanjeev Kandhari: No, we are totally into digital printing.

Keshav Garg: And sir, where is the bottleneck in our current infrastructure? Is it in the dying side? Is it in the printing side? Is it in the weaving side?

Sanjeev Kandhari: There is no bottleneck. What bottleneck you are talking?

Keshav Garg: No, sir, what I am trying to understand that, like you mentioned that the new printing machine has come. So, after everything is installed, then what will be the maximum revenue that we will be able to generate?

Amit Kandhari: See, it is not a capacity play, just that, right? It is a function of capacity and design and marketing and distribution. So the product gets created, they need to be placed with the right distributors, and then they need to be taken off the shelves from the retailer side. So, we are not looking at a pure play capacity output or revenue outcome. There are multiple things in place.

So hence, there is no production bottleneck as such because we kind of go ahead and add more capacity before time. But there is a natural sales cycle to penetrate and increase market share, which we have done over the last 3-4 years. And we continue to increase the market share in those markets.

Keshav Garg: Sir, so I am trying to understand the fabric that we sell for salwar kameez and so on. Sir, so basically our customers going to the retailer and asking for a Rasiya fabric and then they get the salwar kameez stitched themselves. Is that how it works out?

Sanjeev Kandhari: No, it is already packed in a polythene bag. It is a ready-to-stitch suit we are selling. It is a complete suit.

Keshav Garg: Sir, but I thought you mentioned that we are only making the fabric and we are not making the end garment, which is the salwar kameez.

Sanjeev Kandhari: It is an unstitched suit. It is in the denomination of dupatta, then shirt and then salwar. All three packed in one carry bag, but unstitched obviously, yes.

Keshav Garg: Sir, it is the end product basically.

Amit Kandhari: So it is not the end product. Somebody still needs to get the tailoring done at their end. However, the right sizes of meters and whatever value addition needs to go on in terms of embroidery, in terms of dyeing or printing, it is already done for them.

It is not that you have to get different, different fabrics and then put together. So, it is all done as a set. The customer takes that set and then goes to the tailor who knows their size and then gets the product made. So, it is just one step before after fabric, but one step before the full garment.

Keshav Garg: Also, there are some promoter group companies like Radha Krishna Trading Company, Kandhari Textile Mill Private Limited, Khanna Dyeing Mill Private Limited, Friends Embroidery. Sir, are these companies in the same line of business as we are? And if so, then how do you decide which orders to go to which entity or is it some other business that these entities are doing?

Amit Kandhari: Most of these entities are providers of services to Kaytex company. They don't compete with our products at all.

Keshav Garg: So, basically, they are some vendors.

Amit Kandhari: Correct, correct.

Keshav Garg: And lastly, sir, any plans to pay dividend going forward?

Amit Kandhari: We will be evaluating that consciously.

Keshav Garg: Great, sir. Thank you very much. And sir, I must congratulate you for the excellent performance that the company is doing.

Moderator: Next question is from the name of Aditya Golani from Auxano. Please go ahead.

Aditya Golani: Thanks, Sajeev, and thanks team for the presentation. I just wanted to understand in terms of again on the numbers front. So, we are talking about adding another 56.2 lakhs or so meters from the new digital printing machine, right? In terms of overall capacity, what is the guideline capacity that we are planning for FY '27 overall?

Amit Kandhari: Digital printing.

Aditya Golani: You are at 140 today. So, that will add 50. So, it will be what? About 2 lakhs meters in total.

Sanjeev Kandhari: 200 lakhs.

Amit Kandhari: Yeah, 2 crore.

Aditya Golani: And in terms of exports, I believe in FY '26, we had around 2 core markets and 14 additional customers. What is the number that we think or what is the additional increase that we are seeing in this over the second half of financial year?

Sanjeev Kandhari: Can you repeat, please?

Aditya Golani: So, I am saying, as shared in the presentation, the exports in FY '26 was around INR 4.87 crores, which was largely concentrated in 2 markets and we have 14 active customers at that time. So, what is the number that we see for this or the increase that we see for this over the next half year or financial year?

Sanjeev Kandhari: We are having a good growth in the numbers of exports and even we are adding new customers also. We have recently added some new customers in Saudi Arabia also. So, we are doing good in that part. We are having good expansion there.

Aditya Golani: And just one last question. On the revenue classification front, so 60% plus is roughly from digital printing, 8% is from the additional fabrics and what is the remaining share? Sorry, services is 8%, and brand is 60%. What is the remaining portion or contribution of revenue?

Amit Kandhari: It was divided in three. It was a brand, 60% is from our own brand, 20% is from brand enabler, 12% is from non-branded and 8% from services.

Aditya Golani: And this share has been largely consistent over the last from FY '26 onwards or FY '25 onwards, correct?

Sanjeev Kandhari: Yes, this is consistent growing. We are focusing on our own brand which is doing very well.

Aditya Golani: So, what has been the increase in the branded segment then from FY '25 or FY '26? For H1 FY '26?

Amit Kandhari: We don't have the split for half year '27. It is similar to FY '26 numbers.

Aditya Golani: That's all the questions I have.

Moderator: Next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, firstly, if I look at your working capital, basically inventory plus the receivables, they were close to INR 105 crores during September end of FY 2025. That has increased to closer to INR 150 crores as of September end, H1 of FY '27. That is a big jump. So, I am just trying to understand why such a big jump and how do we plan to reduce this going forward?

Amit Kandhari: What have you added? What two things you have added in INR 100 CR?

Madhur Rathi: Sir, the inventory plus the receivables, I think our payables are not much. So, I have excluded that. But just the inventory and receivables, they have increased from INR 105 crores to INR 150 crores just between H1 and H1. So, if you can help me understand why there is such a big jump and how do we plan to reduce this going forward?

Chahat Kandhari: Sir, are you talking about the inventory days and debtor days?

Madhur Rathi: No, I am just talking about the inventory plus the receivable, the absolute numbers. So, that was closer to INR 105 crores as on the H1 of FY '26 end. That has increased by closer to 30%-35% to INR 150 crores as of H1 FY '27 end.

Sanjeev Kandhari: See, one of the major reasons is the growth also. If you compare the growth of last year and the current year, I think we have grown by around 30%-35% in the same period. So, one of the contributing factors for that is the growth.

And secondly, because the raw materials are getting very high price, so we had to keep more inventory for that to protect ourselves, to insulate ourselves, so that we should not get the burnt of it. That was one of the main reasons we kept more inventories, because the prices were going every day up and up and up.

So, two contributing factors were there. One was the growth and second to protect ourselves from the higher prices.

Madhur Rathi: Now, sir, going forward, on absolute number as well, how do we plan to increase the inventory days or working capital days going forward?

Sanjeev Kandhari: Can you repeat, please?

Madhur Rathi: Sir, what are our plans or how do we plan to reduce the working capital cycle going forward? Because, sir, in textile business, sooner or later there might be some kind of inventory. Sir, we have seen multiple textile companies where the working capital cycle gets stretched too much. So, for Kaytex to not get stuck in that cycle, are there any plans to reduce our working capital cycle going forward?

Sanjeev Kandhari: Yes, we are implementing a lot of things to control our inventory. First, we have got a very good ERP system and that is really helping us now. And secondly, we have kept two or three persons to put the inventory level up to the level. So, two major things are there. And thirdly, to bring down the receivables, we are always telling our customers to reduce the days. So, we are on it. We are not losing it.

Amit Kandhari: Some inventory level will automatically go down just because we have piled up some raw material which the prices were shooting up. Now, we are consuming those materials also.

Madhur Rathi: Now, sir, our two segments are own branded products as well as the brand enablers. Sir, if you can help me understand, what is the working capital difference that we

need to either in terms of credit period to our customers we need to provide in our own brand versus a brand enabler? And what would be the margin difference between the two?

Sanjeev Kandhari: Definitely, we need more inventory and more working capital for our own brand. Well, we have to keep our goods ready for every season. And in the brand enabler, we get the order, then we execute that.

Madhur Rathi: Sir, on the EBITDA or gross margin difference between the two?

Sanjeev Kandhari: I don't think we have split of both. Sagar, do we have split of both?

Sagar Kandhari: No, we don't have the segment level breakdown, unfortunately. But it is marginally higher, I think, and the days are also higher. So, we try and optimize for both. Yes, it is hard to put a number to it. Pricing-wise, when you take those things, they are higher because obviously, we take the risk as well and also hold inventory and working capital in the debtors for the same period. On a working capital comparison, it will be 30 to 60 days higher for our own brands versus brand enablers. Margin difference is hard to put a number to it.

Madhur Rathi: So, going forward, is there a certain mix that we have in our mind that like 30%-40% of revenue should come from brand enablers that is at a better inventory or better working capital cycle versus what it is for our own brand? Is there a target that we would like to reach?

Abhishek Mehra: We are not solving it top-down. There are respective teams focused on increasing both the businesses very efficiently and effectively. And the outcome, the mix is an outcome of that. We like both businesses for their own, and it also helps us protect and hedge during the period. However, we don't have an ideal mix that we solve because we are too small to be able to drive that outcome yet.

Madhur Rathi: Now, in your RHP, we have mentioned that there is a per meter realization that we get and for a ready-to-search fabric, we get much higher, but that would be multiple meters. So, if you can help me understand that on a like-to-like basis, if we earn X rupees on either a Jacquard or a digital printed fabric, how much premium or multiple would we get for a ready-to-search fabric, and is there a better margin, ready-to-search is a better margin segment or the margins are similar for this as well?

Amit Kandhari: Sanjeevji, can you address that?

Sanjeev Kandhari: Obviously, the margin is better in ready-to-suit. Obviously, there is a difference between the margin in both because the value goes up. We are doing value addition. We are getting handwork done on those suits. So, obviously, the margin gets quite good. We are doing embroidery, hand embroidery, Aari embroidery, multi-hand embroidery on the ready-to-stitch and that gives good margin. Margin is better in ready-to-stitch suits.

Madhur Rathi: And sir, on the realization multiple, how much is that higher versus a normal fabric that we sell? On a per meter basis, just a broad range would work as well.

Sanjeev Kandhari: Can you repeat, please?

Madhur Rathi: Sir, so I think in your DRHP, we mentioned that we earn closer to INR 143 per meter for a digital printing fabric in FY '23, but we earn closer to INR 1,011 for our garment. That was ready-to-stitch. But I would expect this is multiple meters. Or just a basic, so what would be the multiple that we would get for a ready-to-stitch fabric versus normal fabric that we sell?

Sanjeev Kandhari: Sagar, do you have a mathematics for this? Break-up of this?

Sagar Kandhari: Not top of my head, but it is 25% to 30% higher than just a plain meterage. So, the blended cost per meter is 20% to 30% higher than the plain fabrics that we sell on purely printed. And we sell it as a piece including all the value addition. But again, not comparable because a lot of work has gone into creating those value additions.

Moderator: Madhur, I will request you to come back for a follow-up question. Next question is from the line of Vipul, individual investor. Please go ahead.

Vipul: So, sir, I have been looking at the cash flow over the last 18 months. We have reported about INR 27 crores of profit. But operating cash flow is negative by about INR 30 crores over the same period. The IPO money set aside for working capital has also been fully utilized. So, effectively, all the profits and the IPO money has gone into working capital. When does this business start generating the cash and will we need to raise money again?

Amit Kandhari: We don't have plans to raise further capital at this point. And I think a lot has gone into building up the inventories and the stock levels. Last year was slower year, so the season did not pan out as expected. And we do expect things to normalize FY '27 onwards.

Vipul: Sir, next question is, the stock is about 65% below the IPO price. It trades below the book value and under 5x trailing earnings. So, even after 34% growth half, clearly there seems to be a gap in the business and analyst understanding. In your view, what are investors missing out?

Amit Kandhari: Can't really comment for the price here. However, we do think, I think as we subsequently post our results and show performance, the value addition and the franchise value that we are building will be much more clearer to the market and the public as well.

Moderator: Next question is from the line of Magil Kunnath, individual investor. Please go ahead.

Magil Kunnath: First of all, congrats on a very strong half year. I just have one small question. So, our short-term borrowing has gone up from INR 13 crores to almost INR 39 crores. Is that short-term borrowing through bank? Is it bank debt? And what is the interest rate that we are paying on that?

Amit Kandhari: Those are all short-term borrowings, bank debt. And the interest rate is depending on lines between 8% to 9%.

Magil Kunnath: My other question is regarding long-term borrowing. So, in the IPO perspective, it has been declared that there is some borrowing from the promoter at a slightly higher rate of interest. Is the company paying back that or paying down that debt to the promoter or are we holding that debt as it is? If I may, do we know what the treatment of that related something borrowing has been?

Amit Kandhari: You have to repeat the question. I didn’t get that.

Magil Kunnath: So, in the IPO prospectus, it is declared that the company has borrowed some money from the promoter, around INR 5 crores from the promoter. Has the company paid back that amount or is it in the process of paying back that amount?

Amit Kandhari: It is still there. We haven't paid back the amount.

Moderator: Next follow-up question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: Sir, it seems that our power, fuel and electricity expenses will, so I am surprised to see that.

Amit Kandhari: Sorry, can you say that again?

Keshav Garg: Sir, it seems that our power, fuel and electricity expense is nil.

Amit Kandhari: I mean, it is not nil. It is obviously gone down, but it is not nil. It cannot be.

Keshav Garg: Okay. I mean, I couldn't find any such heading in our annual report, any expense item in the other expenses and so on. But in any case, now, sir, if we look at our product mix, then our bulk sales basically has decreased from around 30%, 31% in FY '23 to 12% in FY '26.

So, the mix has actually changed into branded and brand enabler. So, that would ideally have improved the realization because the commodity side of the business has halved and the value added side has gone up. So, in which case, the revenues should have outperformed the volume, but that is not what we are seeing.

Amit Kandhari: It is a mixed effect, right, in terms of the underlying products being sold. As you mentioned, it is more cotton versus now versus before and also a lot more value addition going through it. And the base, as we mentioned initially, the base underlying printed fabric cost has gone down. So, that brings down the whole thing. While we continue to keep our margins slightly higher, but that does not get reflected into the overall selling price because the grey or plain meterage cost has come down. So, that is being offset there. And it is a conscious effort towards doing higher value-added products to ensure we do higher margin products.

Keshav Garg: And, sir, what is the further CapEx plan that we have?

Amit Kandhari: We have added the capacity that we have for now, I think for this year FY '27, that is required. And as we get closer to FY '28, we have further plans for further capacity expansion depending on the market and the demand at our end.

Keshav Garg: Sir, because our installed capacity is 141 lakh meters and we have already done 83 lakh meters in the first half. So, basically, and since second half is stronger than the first half due to festive season and so on, so it seems that we will basically reach our installed capacity in the current financial year.

Amit Kandhari: So, we have added another machine which will get live by December, January, which will add another 56 lakh meters annually capacity there. So, we are conscious of not being in a point where we don't have capacity to serve.

Keshav Garg: And, sir, our all the digital printer and all the consumables we are buying from one entity only?

Sanjeev Kandhari: No, from two. One is from True Color and second is from Orange.

Keshav Garg: Sir, I didn't get the second one.

Sanjeev Kandhari: Orange. That is also based in Surat.

Keshav Garg: Orange. Okay, sir. And, sir, going forward, any ballpark number that you want to share with us or any aspiration that you might be having? For example, since past five years, our sales revenue are growing at 23% CAGR. So, do you believe that going forward also, we can grow at a sustainable rate of over 20% per annum for the next five years? Is that on track?

Sanjeev Kandhari: Well, we can't comment on the numbers, but we are growing in a very good way right now, and we hopefully will achieve the good results. Our CAGR should be good.

Keshav Garg: And, sir, how big is our current plant and is there space for further Brownfield expansion?

Sanjeev Kandhari: Pardon?

Keshav Garg: Sir, how big is our plant and whether it is big enough for further expansion, or this is the limit, and we will have to go for a Greenfield plant in future?

Sanjeev Kandhari: No, we have a capacity to expand. We still have a capacity.

Keshav Garg: Thank you very much, sir. And it seems we are on track to exceed INR 15 earning per share in FY '27. So, if you could pay even INR 1 which is like 6% of our profits, sir, it will really boost the confidence of the investor community in our stocks. So, kindly take that feedback.

Sanjeev Kandhari: Thank you very much for your advice.

Moderator: Next follow-up question is from the line of Magil Kunnath, individual investor. Please go ahead.

Magil Kunnath: So, who would you classify as our direct competitor among the listed companies in India if we have to pick just one or two competitors?

Amit Kandhari: In the listed space, we could not really find a direct competitor. Unfortunately, I think one of the segments that we do compete with our True Colors is their fabric division.

Moderator: Thank you very much. As there are no further questions, I will now hand the conference over to Mr. Sanjeev Kandhari for closing comments.

Sanjeev Kandhari: Well, thank you. Thank you, everyone, for your time and your questions. As this was our first call, your interest means a great deal to us. We delivered strong growth in the first half and our focus now is on protecting margins, bringing the new printing capacity on stream and converting more of our profit into cash. We look forward to speaking with you again after our full year results. Thank you. Thank you so much.

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