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To The Deputy Manager Department of Corporate Services BSE Ltd. PJ Towers, Dalal Street Mumbai -400001 <b>Script Code: 514043</b>	To The Manager National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E), Mumbai 400051 <b>Symbol: HIMATSEIDE</b>
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Dear Sir/ Madam,

**Sub: Transcripts of conference call.**

**Ref: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we attach herewith a copy of transcripts of conference call held on August 16, 2022.

Please also note that the transcripts of conference call will also be available on our website at <https://api.himatsingka.com/wp-content/uploads/2022/08/Q1-23-Earnings-Call-Transcript.pdf>

This is for your information & records.

Thanking you,

Yours faithfully,  
For Himatsingka Seide Limited

Sridhar Muthukrishnan  
Company Secretary

Encl: as above



“Himatsingka Seide Limited  
Q1 FY23 Earnings Conference Call”

**August 16, 2022**



**MANAGEMENT:**      **MR. SHRIKANT HIMATSINGKA - MANAGING  
DIRECTOR AND CEO, HIMATSINGKA SEIDE  
LIMITED**  
**MR. KP RANGARAJ - PRESIDENT, FINANCE AND  
GROUP CFO, HIMATSINGKA SEIDE LIMITED**  
**MR. DILIP PANJWANI - EXECUTIVE VP AND CFO,  
STRATEGIC FINANCE, HIMATSINGKA SEIDE  
LIMITED**  
**MR. SACHIN GARG - SENIOR VP, STRATEGIC  
FINANCE, HIMATSINGKA SEIDE LIMITED**

**MODERATOR:**      **MS. PRERNA JHUNJHUNWALA - ELARA  
SECURITIES INDIA PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Himatsingka Seide Q1 FY'23 Post Results Conference Call hosted by Elara Securities Private Limited. 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 '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Perna Jhunjhunwala from Elara Securities Private Limited. Thank you, and over to you, ma'am.

**Perna Jhunjhunwala:** Thank you, Vivian. Good evening, everyone. On behalf of Elara Securities India Private Limited, I would like to welcome you all for Q1 FY'23 post results conference call of Himatsingka Seide Limited. Today, we have with us the senior management of the company, including Mr. Shrikant Himatsingka, who is the Managing Director and CEO; Mr. KP Rangaraj, President, Finance and Group CFO; Mr. Dilip Panjwani, Executive VP and CFO, Strategic Finance; and Mr. Sachin Garg, Senior VP, Strategic Finance.

And I now hand over the call to the senior management of the company for initial comments. Thank you, and over to you, sir.

**KP Rangaraj** Thank you, Perna. This is Rangaraj. Good afternoon, ladies and gentlemen. On behalf of Himatsingka, we would like to extend a very warm welcome to all the participants of the Q1 FY'23 earnings call. As always, I'll first take you through a business update, followed by comments on financials, and then we'll open up the floor for Q&A.

I'll start with the business update. Q1 FY'23 performance was adversely impacted due to the unprecedented levels of high raw material prices, inventory correction being undertaken by major retailers across markets, a softening of demand and continued supply chain disruptions. As a result of the above, capacity utilization across our plants was impacted during the quarter. The capacity utilization levels for our manufacturing facilities during the quarter stood at as follows, Terry Towel division was 54% against 72% in the previous quarter; Sheeting division recorded 55% capacity utilization against 79% of the previous quarter; our Spinning division recorded 78% against 101% of the previous quarter. During the quarter, revenue stream from brands stood at INR 439 crore versus INR 582 crore during the previous year and INR 548 crore during the last quarter.

We expect to have a challenging first half of FY'23, mainly on account of the inventory correction initiatives being undertaken by major clients across markets and the unprecedented levels of inflation across raw materials, energy and supply chain costs. However, we expect progressive improvement during the second half of the fiscal driven by the anticipated lowering of inflation and inflation levels with the arrival of the '22-'23 cotton crop and the normalizing of demand as the inventory correction initiatives are complete.

I now move over to the financial section. Consolidated total income for the quarter stood at INR 679 crore versus INR 820 crore in the previous year. This represents a decline of 17.2% year-on-year. Consolidated EBITDA for the quarter was INR 52 crore versus INR 163 crore in the previous year. The EBITDA margin for the quarter stood at 7.7%. Consolidated EBIT for the quarter stood at INR 10.79 crore versus INR 125 crore in the previous year. Consolidated PBT for the quarter was a loss and stood at INR 58 crore versus profit of INR 82.68 crore in the previous year. The interest cost for the quarter was higher due to the completion of the subsidy period under the state incentive scheme and on account of provision, we had to record for all TUFs as per the provisioning policy. Consolidated PAT for the quarter was a loss of INR 54.73 crore versus a profit of INR 57.7 crore in the previous year.

Debt profile. The consolidated gross debt as of 30th June stood at INR 2,977 crore compared to INR 2,805 crore at the end of 31 March, '22. The total term debt stood at INR 1,730 crore and the total working capital debt stood at INR 1,247 crore. The

cash and cash equivalents as on 30 June, '22 stood at INR 179 crore. In addition, the total amount of unsold RoSCTL scripts stood at INR 188 crore as of 30 June, '22. Consequently, the company's net debt outstanding as of 30th June stood at INR 2,797 crore compared to INR 2,629 crore as of 31 March, '22.

With this, I complete my update. We would be happy to take on your questions now. I would request Mr. Shrikant Himatsingka, our MD and CEO, to answer your Q&A. Thank you very much for your patience.

**Moderator:** The first question is from the line of Vikas Jain from Equirus Securities. Kindly proceed.

**Vikas Jain:** My first question, you mentioned about the reason for the higher interest cost as to a completion of the state level incentives. Can you give some more color about it? And is it like the interest cost will continue to remain at the current level going ahead as well?

**Shrikant Himatsingka:** Vikas, the provisioning we've made as per our internal provisioning policy, because the government of India seems to be late on reimbursement of interest subsidies under the erstwhile TUF scheme, so the impact of that is approximately INR 8 crore for the quarter. And so that should not be a recurring cost. And as far as the state incentives are concerned, I would request to take that off-line and we can give you more details on that front.

**Vikas Jain:** Sure, sir. Sir, there were also some sale of assets that we carried out and around INR 18 crore of that income in other income. Can you give some color as to what were those assets?

**Shrikant Himatsingka:** This was just was an ordinary cost. That's just a disposal of assets. We wanted to actually upgrade some of our assets. So we thought that we'll get rid of some of our older generation assets. It's a small quantum, but it's essentially undertaken for upgradation reasons. As the note suggests, the book value of the assets are close to, couple of crores, and we had a gain on sale of assets on that front. We have used the proceeds for upgrades.

**Vikas Jain:** Correct. Sir, and my last question is with respect to the overall demand scenario, means can you give some guidance to what are your feedback when you're extracting the retailers now as the end customers started a lifting of the goods? Or how is the scenario from there? And when do we expect normalization kicking in?

**Shrikant Himatsingka:** That's a very important question Vikas, and I'd like to take a few minutes to answer that. So FY'22 was a record year in terms of revenue for Himatsingka. We have a very stable revenue stream across the 4 quarters, and we ended the year with just over INR 3,200 crore in consolidated revenue. The sudden, let's just say, movement on the demand front is something that surfaced much later in Q4, and it is difficult for us to read at the time as to how severe this inventory correction initiative is going to be, because up until February, March, we didn't see any major correction signs at all. It was only in late Feb, March that we started seeing some signs, but we didn't realize at that point or we won't sort of having the visibility at that point about the inventory corrections that were awaiting us in the industry at large and from major markets. So the first point is while we had a record FY'22 in terms of revenue, we had a sudden dip in demand surfacing the first quarter.

And as Mr. Rangaraj pointed out, we are likely to have a challenging first half essentially driven by these 2 factors; A, the correction in demand largely emanating from the inventory correction exercise is being undertaken by clients; and B, continuing levels of inflation across raw materials, energy and supply chain. So these are essentially the 2 challenges that we are faced with. As far as the demand is concerned, we feel that we're beginning to see some relaxation of this inventory correction exercises that have been undertaken. And we should hopefully at this point be looking at some progressive improvement starting from Q3 is what we anticipate at this point. Do keep in mind that the markets are volatile and extremely, let's just say, not transparent. But to the best of our knowledge and as far as we can see, we see some progressive improvement on the demand front commencing Q3 and then headed to near normalizing of demand as we go forward.

We've also been tracking the underlying sales of our products across Bedding and Bath categories. And the underlying sales of our Bedding and Bath categories are not as hit as our top line suggests. Therefore, it is safe to assume that the bulk of the correction in revenues is coming from the inventory correction that our clients are undertaking. As far as the inflation levels are concerned, it is largely coming out of cotton, which is the bulk of the hit. And we feel that with the arrival of the new crop in late September, early October, we should see the prices cool off. Do keep in mind, cotton has never behaved in this manner in history. It's quite honestly something that was not expected. And certainly, it was not expected to carry on as long as it did. So even as we speak, the commodity of cotton is extremely, let's just say, expensive vis-a-vis its normal levels. And I think the earliest it will begin to cool off is with the arrival of the new crop.

So these are our views on the principal concerns of inflation and on the normalizing of demand. As I said, the underlying sales of our products are not as badly hit. There could be some corrections in single digits on an average that we have seen, but nothing as major as we have seen in the first quarter because it's being driven by the inventory production that's been undertaken.

**Vikas Jain:** Sir, the last question with respect to our capacity addition plan that we have, what are overall thought process as of now and any time line attached to you? The capacity addition plans in our Sheeting business, what is your thought process now?

**Shrikant Himatsingka:** So Vikas, as I shared with stakeholders during our previous call as well, we have put on hold any further capacity additions at this point given the volatility of macro, given the macro volatility being witnessed across major markets. So for the here and now put on hold any further CapExs for debottlenecking of capacities. As and when we have the confidence of higher visibility and as and when things normalize, we will circle back to our stakeholders on how to take forward the debottlenecking exercise, both in Sheeting and Bath, but until then we've decided internally to put it on hold.

**Moderator:** The next question is from the line of Prerna Jhunjhunwala from Elara Securities Private Limited. Kindly proceed.

**Prerna Jhunjhunwala:** Sir, just wanted to understand the demand scenario in U.S. and non-U.S. Is it any different? Or is it similar across geographies?

**Shrikant Himatsingka:** By and large, Prerna, across major retailers in a range bound manner is pretty similar. We don't see many exceptions. There are some retailers who have largely completed their inventory correction exercises. That's something that's positive. And we are seeing them go back to their older levels of offtake or near there in a range bound manner, unless the others, who are still work in progress and working through the inventory. We have also seen many retailers who have been given clear mandates by their management to substantially reduce the inventories they have on hand and on water. And this clear direction is something that we've seen across various clients. So I don't see much of a difference between U.S. and non-U.S. in terms of approach.

**Prerna Jhunjhunwala:** Okay. And sir, we've also seen this inventory correction cycle earlier in 2018, '19 period by the retailers. Is the situation severe than that? Or is it similar to that?

**Shrikant Himatsingka:** No. I think, Prerna, the '18, '19 must have been a little more ordinary course. I don't recall if you were mentioning '18, '19 in context of Himatsingka or context to the industry.

**Prerna Jhunjhunwala:** Industry. The inventory correction taken by the retailers in 2018, '19 period, FY'19.

**Shrikant Himatsingka:** To my recollection, that was minor. That might have been in certain retailers. I don't recall that to be sort of industry-wide phenomenon to the best of my recollection. But this one is clearly an industry-wide phenomenon and it's severe. So the one that you witnessed earlier is not comparable, to the best of my knowledge, to what's going on. I mean, we have been in this industry for 15 years with our unit commencing production in 2007. We've never seen something of this nature earlier. Neither have

we seen anything of this nature on the inflation front nor have we ever witnessed something of this nature on the inventory correction front.

**Prerna Jhunjunwala:**

Okay. Understood. Sir in terms of cotton inflation that we're seeing that there will be some correction coming in from when the arrivals come in. Do you think there will be a price correction even from your customers side, that they are asking for lower price before starting your offtake? Or how is the industry behaving at this point in time?

**Shrikant Himatsingka:**

Good question Prerna. It will be a case-to-case basis because the clients have given, let's just say, a differential price increases across products and across categories. So it's not like their increases have been uniform, right? So they will take a case-to-case approach is my guess. However, I think there is an inclusive understanding that if cotton corrects from here, to a certain extent of correction, I think that they will understand that price decreases are not warranted because they were not funded in the first place. So I think to a certain extent, the correction will be a correction and stakeholders in this state, clients will understand that they cannot expect a decrease in price.

Having said that, there are pressures for them to normalize prices. And there could be cases where they do request and/or press for some reductions if not pro rata to the cotton reduction, at least some reduction in prices that would help them sort of normalize their pricing as well. So it's going to be a case-to-case phenomenon. But I think the reduction in cotton as it's expected to happen will not be a neutral phenomenon. It should be a net-net benefit because we have, as an industry, borne the impact of the inflation far more than what clients have compensated us for.

**Prerna Jhunjunwala:**

Completing the industry, to a very large extent, most of this increase is not compensated post March, is what I understand? Sir, one more thing in terms of demand. How is the demand in premium versus mass segment? Because of this high increase in cotton prices and inflationary trend, there has been price increases at the retail end as well. So have the consumer started down trading in lower variety of products? And how are we placed in exchange of that in terms of those categories? And given the current cost structure or expected decline in cost structure, how do we benefit or suffer in this scenario is what I wanted to understand.

**Shrikant Himatsingka:**

So specifically speaking about Himatsingka, we are well balanced across, let's just say, the lower end of the pyramid and the upper sections of the pyramid. As popular perception, sometimes within stakeholders is that Himatsingka is only in the premium end of the market because of our brand profile or things of that nature. But the 2 things that we are well balanced across price points. And we have not seen any noticeable and reportable patterns in the offtake vis-a-vis products at different price points. So in other words, it's not like our higher-end products, demand has fallen disproportionately to our more attractively priced products. That doesn't seem to be at least our experience. There could be, again, exceptions to this at a program level or a product level, but it's not definitely at a category level. And so I think all price points are sluggish at this point. Himatsingka is, I would say, we have a fair amount of weightage in the lower end of the pyramid.

And we have, on a positive note, been working through last fiscal and enhancing our client base and our product bases as well, which was also partly responsible for the revenues that we saw last fiscal. So as far as we are concerned, we are seeing a balanced movement across price points. And I think the recovery will also be of that nature plus/minus. That's my broad reading. And the company continues to be focused on making sure that we are bringing innovation to the market, whether it's through brands, whether it's through other forms of innovation. We are also continuing to expand our channel presence, our channel mix across big box and department stores and off-price and specialty chains and digital platforms. So that whole push, broadening our client base push, we already have a pretty strong brand portfolio. We are also focused on a lot of private labels. We continue to obviously be amongst the leaders in the industry.

We had this past year won textile silver for both Bedding and Bath. And we actually were equally focused on the ESG front during the fiscal because a lot of our international clients are equally concerned on ESG initiatives. And I'm happy to

share that Himatsingka had the highest hits in that score for its manufacturing campus at Hassan in the industry, and it was amongst the highest rated in the manufacturing sector as a whole in the country. So our focus on all these things, be it clients, be it price point balancing, be it category balancing, be it ESG, all of these things remain strong. But we have to get over this hump of inventory correction and unprecedented levels of inflation for our operating performance to normalize.

**Moderator:** The next question is from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Kindly proceed.

**Kaustubh Pawaskar:** Sir, my question is again on the demand and the capacity utilization you will be expecting in the second half. So as you mentioned that progressively, you are expecting demand to improve in the second half, and this inventory correction will get over. So in that context, what will be your capacity utilization in the second half of the year? Should we expect it to improve to about close to 70%?

**Shrikant Himatsingka:** Yes, directionally, it should hit that Kaustubh. But I'm being entirely open, as I always am, it's unfortunate that the normal levels of visibility that the industry typically enjoys is not something that's on the table at this point. So while Himatsingka doesn't give guidances and we historically have not, so I wouldn't have answered that question for you even when things are normal. But it would be safe to assume that our capacity utilizations have been either range bound or reaching up progressively since we have expanded our capacities. In this situation, I'm a little cautious on giving you more definitive figures for obvious reasons given the volatility that you're seeing around us. So I'd like to stick with our progressive view for the second half. And directionally speaking, now whether it's 70% or 65% is difficult for me to say, but we hopefully should see progressive movement going into the H2 of the fiscal.

**Kaustubh Pawaskar:** Sir, my second question is on the debt levels. As you mentioned that currently, your gross debt stands close to INR 3,000 crore. So should we expect this to increase further or should we expect it to remain at this level and over the period of time, once your cash flows inflow you will be focusing on reducing the debt on books?

**Shrikant Himatsingka:** So Kaustubh, unfortunately, our efforts on deleveraging has not gone through for one reason or the other. And I have no hesitation in admitting the fact that we are behind schedule in so far as what we had sort of spoken about in deleveraging and what we've achieved. This has largely been this post-COVID phenomenon, which has made it very difficult for us to address that issue. So as we see at this point, our leverage levels are something we are absolutely working on. It will have to go south from here. Whether increases in debt levels could happen even because of rupee movement, translation and things of that nature. So barring such ordinary cost movements, directionally we have to make sure that it goes south, which is what we are working on. And we will be working on basically 2, 3 initiatives; A, making sure that we sort of head towards normalizing our revenue streams, as I just discussed earlier, which will be driven progressively on the back of normalizing demand.

Of course, there's macroeconomic volatility that sort of surrounds us, but at an industry and product level, it should progressively become better. We are working on cost optimizations across the board given the inflation levels that the industry is seeing. And there are times where after a bout of inflation, things never go back, in terms of commodity prices, they don't go back to where they began from. So if I look at pre-COVID cotton price and the cotton price at this point, our expectation is that cotton will not correct to levels that it was pre-COVID. So we are recalibrating our cost structures to align with the new realities of input inflation. So normalizing our revenue streams, optimizing our cost structures driven by various factors. And the third bucket will be rationalizing our intense working capital requirements, which we believe need work. And we are working on it. Once again, it's one of those initiatives which aren't bearing fruit because of the volatility that surrounds us and the interest and inflation that was witnessed during this time. But that remains a central theme of focus.

So with all these 3 buckets, we should be able to, in the medium-term, work on our leverage levels coming down. So in the near-term, there could be some movements, but we make sure that we are actually focused on this. And we are making sure that

we at best hold it and take it down from here. But then again, there could be marginal movements in the ordinary cost.

**Kaustubh Pawaskar:**

My last question is on, if India manages to sign a free trade agreement with U.K., so how will it be beneficial for us? Because garment manufacturers and they are anticipating good shift happening to Indian market. So in that context, how it will be beneficial for home textile companies like us?

**Shrikant Himatsingka:**

It's a good question. So it's a much anticipated move and the signing of the FTA with the United Kingdom, from what one hears in industry cycles and from the media and what's available in public domain, the likelihood of this FTA being signed is reasonably high. And should it come through, it's going to be a boost, boost is a strong word. It's going to be a positive development for the home textile industry. I can't comment on the garment in apparel sector. But for us, I think it will be a positive development. Will it result by itself in double-digit revenue growth or anything of that nature? I don't think so. But it will be a positive development in so far as a big market, which is thus far being focused on buying goods from other jurisdictions where they have duty advantages. The U.K. will rethink its sourcing strategy as we have been told by several clients. And a lot of that share will come to India.

While we're on that subject, it's not just the FTA that could cause a positive movement for the industry. It's also the China Plus One that's playing out and could continue to play out going forward. It's not a theme which has a limited shelf life of 6 months. The China Plus One theme, as far as our industry and our sector is concerned, is a theme that's going to play out in the medium-term. And when I say medium-term, I'm talking about, I mean, it's not like the next 3 months, it's going to be playing out for the next couple of years, at least, 2 if not more. And there seems to be, let's just say, several reasons and criteria that, when examined, give India a strong footing to garner more market share. So that's a theme playing out. The FTA theme would also be playing out as we go along. The inflation levels will be tamed with the new crop in all likelihood. And we will once again be headed as an industry, to normalize levels of operations. Himatsingka's medium-term view on the industry and margin profile and things of that nature remain intact at this point.

**Moderator:**

The next question is from the line of Mithun Aswath from KY Advisors. Kindly proceed.

**Mithun Aswath:**

I just wanted to understand, you did mention in the second half things should start improving as the new crop comes back. I just wanted to understand that in the current quarter, in the second quarter, do you see things improving in terms of demand compared to the first quarter? Or would it be more of the same as in the current quarter?

**Shrikant Himatsingka:**

As we said even in our business update, Mithun, and once again we'd like to be sort of transparent and clear with stakeholders on this front, we believe the first half is going to be challenge. So Q1 has been challenging, I think Q2 will also be challenging. And we will see progressive, happen the word, progressive improvement. As we see things at this point, we could see progressive improvements starting the second half of this fiscal. The improvements vis-a-vis we felt with the arrival of the new crop is the softening of prices because fresh supply will come into the ecosystem. So that's what the contribution of this crop will be when it hits the market. But it's not necessarily correlated to demand. You can have a situation where the crop hits the market and the demand continues to be subdued. So our forecast is that we are likely to see progressive improvements because a lot of the inventory correction exercise has been undertaken by global client to hopefully will sort of subside in its intensity as we go along in the future. I hope I was clear, Mithun. Would you like me to once again share this with you?

**Mithun Aswath:**

No, I've understood what your expectation is.

**Shrikant Himatsingka:**

And the second point is we will see progressive improvement. So it's not something that we don't have entire visibility to at this point. But we are seeing some green shoots with the inventory collection exercises coming to a close, at least with some clients. And therefore, that should help in driving up some demand. So that's why we



use the word progressive. And while the demand progressively moves up, the other challenge that we in the industry are faced with is the cotton issue. And that part hopefully will begin to cool down with the arrival of the new crop. As you all know, the cotton season runs from October through September in India. So the beginning of October with that crop, hopefully, there will be some respite on the prices.

**Moderator:** The next question is from the line of Prerna Jhunjhunwala from Elara Securities Private Limited. Kindly proceed.

**Prerna Jhunjhunwala:** Sir, I wanted to understand the revenue share from non-U.S. regions, largely because just want to take our understanding about your PCG strategy that you had embarked on 2 years ago of increasing product, clients, geographies. So you mentioned about it in my last question, but if you could throw some numbers around it, it would be helpful to understand the progress on that.

**Shrikant Himatsingka:** Yes. Prerna, I think what you could do is just sort of get in touch off-line because that's actually a host of questions and interlinked queries, which will be difficult to answer just off the cuff like that. So if you could do get in touch, and we'll sort connect the dots for you.

**Prerna Jhunjhunwala:** Sir, one bookkeeping question on depreciation. Our depreciation and amortization expenses have been increasing on a Q-on-Q basis. Now that cannot be any major CapEx activity. What is the reason for this increase?

**Shrikant Himatsingka:** This must have been some capital work in progress that got capitalized. But you will see very marginal small movements, nothing of any consequence. And our current capital work in progress is probably extremely small. Probably it would be sub-INR 50 crore. So there's not much more to come.

**Prerna Jhunjhunwala:** Okay. Understood. And sir, what is the reason for Spinning capacity utilization being lower? Because anyways we were having lower capacity in total requirement.

**Shrikant Himatsingka:** Yes, good question. So Spinning is lower because Sheeting is lower and selling any capacity in Spinning, I mean, here and now, it was difficult because the absorption levels in the markets are low and the pricing is, let's just say, inverted. So therefore, since Sheeting saw lower utilization, Spinning had to also mirror that reduction to some extent because of the nature of the yarn that we're producing for the Sheeting division. And that same capacity is not something we can channel externally because of the current, let's just say, pricing structure because of cotton levels. So we've had to take that hit as well.

**Prerna Jhunjhunwala:** Okay. And sir, if I may ask your inventory level from raw material perspective at current utilization, do we have enough raw material? Or we are importing and procuring?

**Shrikant Himatsingka:** We are trying to be as slick as possible. But our inventory levels, as you have seen in March, are on the higher side. That's why I was telling the other gentlemen that we need to sort of make sure that we actually achieve our stated results vis-a-vis working capital reduction which, given this volatility, we have not been able to achieve because of the slow offtake. So while our raw materials are lean and slick, but it doesn't mean that our WIP and FG and other forms of inventory are as lean and slick, which we have to work on.

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

**Shrikant Himatsingka:** So thank you all for taking the time this evening and joining us for this call. I hope we've answered your queries to your satisfaction. If there's anything that you'd like to know, which we have not thrown light on just get in touch with us and we'll make sure that we have shared whatever needs to be shared in order to get you all on the same page. And thank you once again.

**Moderator:** Thank you. On behalf of Elara Securities Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.