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November 22, 2022

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

Sub: Transcript 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 transcript of conference call held on November 15, 2022.

Please also note that the transcript of conference call will also be available on our website at <https://api.himatsingka.com/wp-content/uploads/2022/11/Earnings-Call-Transcript-Q2.pdf>

This is for your information & records.

Thanking you,

Yours faithfully,
For Himatsingka Seide Limited

M Sridhar
Company Secretary

Encl: as above



**“Himatsingka Seide Limited
Q2 FY2023 Earnings Conference Call”**

November 15, 2022



ANALYST: MS. PRERNA JHUNJHUNWALA – ELARA SECURITIES PRIVATE LIMITED

MANAGEMENT: MR. SHRIKANT HIMATSINGKA – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER – HIMATSINGKA SEIDE LIMITED

MR. K. P. RANGARAJ – PRESIDENT FINANCE & GROUP CHIEF FINANCIAL OFFICER – HIMATSINGKA SEIDE LIMITED

MR. DILIP PANJWANI – EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL OFFICER, STRATEGIC FINANCE – HIMATSINGKA SEIDE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Himatsingka Seide Limited, Q2 FY2023 Earnings Conference Call, hosted by Elara Securities Private Limited. As a reminder all participant lines will be in the listen only mode. 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 “*” and then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Prerna Jhunjhunwala from Elara Securities. Thank you and over to you, Madam!

Prerna Jhunjhunwala: Thank you, Inba. Good evening everyone. On behalf of Elara Securities India Private Limited, I would like to welcome you all for Q2 FY2023 Post- Result Conference Call of Himatsingka Seide Limited. Today we have with us the senior management of the company including Mr. Shrikant Himatsingka, the Managing Director & CEO, Mr. K. P. Rangraj – President Finance & Group CFO and Mr. Dilip Panjwani – Executive Vice President & CFO Strategic Finance, I would now like to hand over the call to the senior management of the company and post which we will take the Q&A session . Thank you and over to you, sir!

K P Rangraj: Thank you, Prerna. Good afternoon, ladies and gentlemen. This is Rangraj – President Finance & Group CFO, Himatsingka Seide Limited. Let me first of all welcome you all to this Q2 FY2023 earnings call. As always I will start this with a short business update followed by some comments on the financials and the floor will be open to question-and-answers addressed by our Managing Director, Mr. Shrikant Himatsingka.

First, starting with the business update, Q2 FY2023 and the first half of the fiscal year operating performance have been severely impacted by raw material inflation, energy inflation and inventory correction initiatives that were undertaken by global clientele. Therefore, both operating margins and total income have been impacted during this period. As a result of the above, capacity utilization across all our plants was marginally impacted during the quarter. The capacity utilization for our manufacturing facilities during the quarter stood as follows:

The Terry towel division recorded 56% capacity utilization versus 54% in the previous quarter. Sheeting division recorded 53% against 55% in the previous quarter and the spinning division recorded a capacity utilization of 75% against 78% in the previous quarter of this fiscal year.

During the quarter, revenue streams from brands stood at Rs.402 Crores versus Rs.575 Crores during the previous year and Rs.439 Crores in the previous quarter. Our first half financial operating performance is in line with our expectations given the headwinds we faced on account of raw material inflation, energy inflation, supply chain challenges and inventory correction initiatives undertaken by global clientele.

As shared with stakeholders earlier, we expect progressive recovery on the operating performance front going into H2 of the fiscal year. We have already begun to see the easing of cotton prices with the arrival of 2022-2023 cotton crops and in addition we are also witnessing the easing of supply chain congestion and disruptions over the last couple of months. We continue to be focused on rationalizing our inventory levels to drive more efficient working capital cycles.

I now move on to comments on financial performance. The consolidated total income for the quarter stood at Rs. 639.68 Crores versus Rs. 816.21 Crores in the previous year. This represents a decline of 21.6% year-on-year. Consolidated EBITDA for the quarter stood at Rs.52.68 Crores versus Rs.144.55 Crores in the previous year. The EBITDA margin for the quarter stood at 8.2% versus 17.7% in the previous quarter. Consolidated EBIT for the quarter stood at Rs.11.34 Crores versus Rs.104.41 Crores in the previous year. The consolidated PBT for the quarter stood at a loss of Rs.56.57 Crores versus a profit of Rs.63.34 Crores in the previous year. Finally, the consolidated PAT for the quarter stood at a loss of Rs.33.89 Crores versus a profit of Rs.48.03 Crores in the previous year.

Some comments on debt. The consolidated gross debt as of the 30th September 2022 stood at Rs.2898 Crores compared to Rs. 2977 Crores at the end of the previous quarter. The total term debt stood at Rs.1694 Crores and the total working capital debt stood at Rs.1204 Crores. The cash and cash equivalents stood at Rs.125 Crores as of 30th September 2022, in addition the total amount of unsold RoSCTL Scrips stood at Rs.150 Crores as of the 30th September 2022. Consequently, the company's net debt outstanding as of 30th September 2022 stood at Rs.2773 Crores compared to Rs.2797 Crores at the end of the previous quarter. With this I would like to complete my update. We will be happy to take on your questions now. I now hand over the call to our Managing Director, Mr. Shrikant Himatsingka.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Umamaheshwaran B S from Kotak Bank. Please go ahead.

Umamaheshwaran B S: Good afternoon, Mr. Shrikant. Thanks for this call being arranged. Just wanted to understand how is the segmental sales terry towels vis-a-vis bed linen. How are these two segments shaping up, how was the performance of terry towel being in Q2 FY23?

Shrikant Himatsingka: We don't share revenue break up between bath and bedding. As you know the total revenues comprises of pretty much entirely on home textiles, so it is some of very good region. But to throw more light on your question in terms of how both divisions are doing, as highlighted to stakeholders the first half of this fiscal year is going to be strained given the reasons that Mr. Rangaraj cited you know that extreme levels of raw material inflation and energy inflation coinciding with over inventory situation across global market. I am sure this combination obviously did not augur well for the operating performance of the company during this time which is something we were transparent about with the stakeholders. Our operating performance is in line with what we expected. But other than the short-term challenges the ramp up of terry towel division has been progressing well. At the close of FY2022 the division had notched up over 70% utilization do keep in mind but this is a new unit of the group and it was commissioned as recently as Q3 FY2020 and then subsequently we lost time during the post-COVID situation in terms of operations. But it saw one of the fastest ramp ups in capacity utilization during the last fiscal. So, I think as soon as some of these conditions improve which I estimate will progressively improve starting the second half of this fiscal as we had outlined and we should head towards normalcy post that. We are confident and optimistic about our terry towel division and its contribution to this home textile unit. As far as sheeting is concerned the business portfolio is a part of our mix for a much longer time and I see broad stability on that term. But I see more growth probably coming from vast division in terms of trajectory going forward. But overall, I think stability in sheeting will be resuming as we go along progressively and terry towel has seen a good ramp up during FY2022. We have seen the short-term challenges as we had outlined but with this progressive recovery, I think that should get back as well.

Moderator: Thank you. The next question is from the line of Roshan from B&K Securites. Please go ahead.

Roshan: Thanks for the opportunity. In first half we saw a capex of around Rs.38 million, so what should we see for FY2023 and FY2024. What capex are you planning to deploy in FY2023 and FY2024?

Shrikant Himatsingka: I am not sure where you are getting this number of Rs.38 million from. We will be happy to discuss this offline. But Roshan our capex outlays and view on capex is extremely clear as far as we are concerned. At this point we are focused only on our organic capex cycle which is typically Rs.60 Crores to Rs.80 Crores a year and nothing more than that. We are only focused in making sure that we head back to normalcy after this short-term headwinds that we have witnessed off late and we are not on capex at all. So, our capex will be light, our major capex cycle is over and we are focused on saving our assets and making sure that they deliver as we had set out to deliver. We are indeed running behind schedule on that

front for the reasons that are outlined. But more certainly our capex will be broadly contained in that vicinity. There could be some minor movement here and there, but nothing of major.

Roshan: Okay, that helps. On the debt front do you have any plans to reduce debt, internal targets that are?

Shrikant Himatsingka: Gross debt corrected by about Rs.100 Crores from last quarter and we have also made our stands on that fairly clear. As soon as we have done with dealing with the short-term head wind which is making our dealers with an exercise from behind schedule. As soon as we see this progress and recovery come through we should also continue to see the dealer regime exercise pan out. Because as I said our major capex cycle is over we will be sticking to our organic capex only and the rest of these accruals will be channeled towards debt reduction. Is there something that is on our plate which is over and above this we will let stakeholders know but at this point we are focused only on this.

Roshan: Okay, that is all from my side. Thank you.

Moderator: Thank you. Our next question is from the line of Vikram Suryavanshi from Phillipcapital India Pvt ltd. Please go ahead.

Vikram Suryavanshi: Good evening, sir. Basically, I just want the possibility or how is the situation of raw material import because we do import significant amount of raw material. So, how is our mix for cotton import compared to past and there was duty free import allowed, how is the current situation, is there any duty on that, I just wanted to get update on that.

Shrikant Himatsingka: I will divide the raw material update in two batches, domestic, imported. Now, on the domestic fronts one is the cotton prices cool off with the arrival of the new crop and of course it is not started on the 1st of October but on a weighted average it is coming down gradually which is a good sign and it will help the operating performance. International raw material prices have also begun to soften over the last 45 days or so. The company continues to use imported cotton as well, depending on the variety of cotton the weighted average cost will be marginally reducing, but that has also started to cool off. So, as we go forward we should progressively see this benefit coming. As far as the duty is concerned there was short holiday for the duty. However, the government has not made clear its stands on what the duty structure and quantum will be going forward, one has to wait and see that what is the next.

Vikram Suryavanshi: Okay, but is our import quantity is around 50% or so or higher than that?

Shrikant Himatsingka: On a total portfolio it is probably lower than that.

Vikram Suryavanshi: Okay, second on your outlook on how the inventory level in USA are setting up going forward and how much time it will take to normalize, what are the industry expectations on that front and second thing is on opening up of the opportunities with FTA in Australia and how is the industry setback on possibility of SKU with UAE any development on that?

Shrikant Himatsingka: I think we are progressively seeing the easing out of some of the initiatives that our global clients are undertaking on the inventory correction front. It is not as intense and some of them have completed whatever they were set out to achieve and they are slowly inching back to normal orders. So, we should see progressive improvement on that front as far as the inventory easing initiatives were concerned. We feel that we will see gradual easing off of that. As far as impacts and positives coming in through initiatives been taken by India with the FTA front dramatically it is most definitely going to be an opportunity not just for home textile but in various sectors of textiles. But the big point the FTA with the UK is still pending and what we have signed with certain other jurisdictions are not necessarily at least as far as Himatsingka is concerned again it dramatically positive but they are not going to be numbers in the short-term, I think UK will be a larger opportunity in size when it comes through. So, that is how I see the SKU part play out but I must comment here that there other key in favor of to aid industry in India as far as home textiles is concerned and at least in our view those other fields includes the China plus one theme that continues to hanging there and we feel that it will continue to play out. We are also seeing relative instability in other jurisdictions for various reasons which could present opportunities to India in the short to medium term going forward including issues on the restriction like Pakistan and opportunities coming in for India in that context. So, the macro-economic regulatory/policies driven /balancing driven themes are not limited to FTA but also the marketplace. I feel that the medium to long-term perspective and prospects for our industry undoubtedly remains strong and we remain optimistic about the fundamentals in the medium to long-term. The short-term head winds have caused a little bit of setback in terms of achieving some of the targets we had set ourselves to achieve so on. But that is something which clearly external in nature and we will have to just wait it out. But I think the worst is behind that and we should keep progressive recoveries going forward.

Vikram Suryavanshi: Okay, and last question from my side, just to understand from your view. What we have seen is that with the ban Xinjiang cotton lot of Chinese, actually cotton yarn is also getting to Indian market either directly or through Vietnam and we have seen that impact on domestic cotton yarn prices. So, though we are primarily in export market like USA and Europe and particularly for USA you might be using the Indian cotton or imported cotton, but is that actually impacting the overall pricing situation in the cotton and cotton yarn. So,

are the customers in export market seeking it separately and ready to pay higher premium for our product or will they ask us to price product based on the overall commodity market situation. So, that I just want to understand from your end how that is impacting the overall profitability of the business for the exporters?

Shrikant Himatsingka: Our own retailing and expecting on this is our global clients will more certainly benchmark yarn and cotton prices towards reasonable and what is considered average when compared to competing jurisdiction policy. They will not give us a premium just because some of our raw material inputs are expensive than others. I don't think it ever happened in this industry and I don't think as a jurisdiction or as a company are materially off on pricing either there could be some minor variations in the ordinary clause, so I don't think we are materially off in most product categories there could be a couple of exceptions in product categories where India is less competitive but in the areas that we operate in and competing I don't think that has material differentiation in raw material input. What could cause material differences in input prices which is we had contracts and certain varieties on cotton and they are continuing to be sort of used then such kind of the whole contract lasts and the cash that is higher than current market prices to that extent we will be **worse off**. But I think that the company centric issue depending on which company has their contract. Therefore, in conclusion I don't think that in our industry and vis-a-vis what we operate in our raw material prices are materially or significantly are off competitive. The second conclusion is to the best with our knowledge and in our opinion our clients do not pay us a premium based on our input prices which are specific to us. They will be more products focused on global averages and industry benchmarks. But they do pay us the premium for innovation, brands, services which were more listed for more integrated than others and specialized products and so on and so forth. So, those are buckets that would attracts premiums, not inherent cost structures.

Vikram Suryavanshi: Understood. That was very helpful, sir. Thank you very much.

Moderator: Thank you. Our next question is from the line of Krishna Kumar. S. from Lion Hill Capital. Please go ahead.

Krishna Kumar S: Good evening, Mr. Shrikant. I know times have been very tough. Just to understand from a market perspective you had explained that things will get better from here but, particularly because of pricing if you could give some more color sir because right now our gross margins are down by 50% from probably much higher level which probably means that we will not be able to pass through the cost you explained this to previous participant that being a highly more planned oriented player could we expect in the near future that the price pass through will happen and the margins will get restored at a gross margin level. If you could give us some perspectives as such in terms of how do you see the pricing playing out.

Shrikant Himatsingka: Krishna, thanks to your question. As I said earlier looking to the industry in general at **Himatsingka** we have had extreme head winds for four quarters now vis-a-vis raw material prices. It started in Q3 FY2022 in terms of really hitting our operating performance which continued during Q4 and we have then spoken with stakeholders that we are likely to see this half of FY2023 as well I the mean probably with greater intensity and that is what happened. So, it has eaten into our gross margins, it therefore eaten into our EBITDA and this recent inventory correction exercises has exacerbated the impact of these events. But we have to take this in our stride these are rare events and challenges the industry has faced. This is not something that industry faces every couple of years. We think we have been operating in this space for over fifteen years, it is the first time we have seen it at this extreme. But looking forward I feel that there is progressive recovery that is going to happen, the raw material prices have already begun to ease, they have come off the peaks by approximately 30% on an absolute basis and on a weighted average basis will differ from company to company to how much they had or which variety but prices have come off by 30% from peak. Supply chain disruption that existed during the last three-four quarters and as recently a month or two ago have begun to ease. We also hope that energy inflation will soon ease off. With this our gross margin will start progressively heading back to normal. So, it might take a couple of quarters to get there, but I think, do not hold me to this it is difficult to predict in such volatile times as to how long will it exactly take. So, best guess is this is directionally what we see. Because if the prices are easing of raw material and some of these others like you say areas then it will automatically lead to better gross margins.

Krishna Kumar S: Sir, would we have to pass through any benefit of raw material going forward like you mentioned we cannot pass through cost increase, so would we be able to keep the benefits of raw material cost reductions or would we have to share to the customers.

Shrikant Himatsingka: Nothing in question, we need to keep some, you will have to give back some because clients will expect that there is no doubt in the matter. But they also understand where the suppliers stand and the inflation rate is. So, I think it is going to be a give and take. But net-net it should have positive impact and then the other tail winds including going forward currency tail winds and things like that which will help balance some inflation. So, I think all-in-all we should progressively and I am stressing on the word progressively head towards gross margin expansion and reverting back to our operating performance levels as we had and as I said other than inflation this is also contingent on the demand coming back to normalcy which was disrupted in short-terms and at least in most cases I see that directionally happens. This is what the picture is at this point and therefore we have to go through this short-term pain and then head back to a broader performance parameters which we normally have.

Krishna Kumar S: Just on the logistics ocean freight part, generally in our business do we bear it or more on the client side, and you will benefit.

Shrikant Himatsingka: Generally our benefit and with industry ocean freight is borne by the client. But generally in our case and this industry is borne by the client for the most part. There could be certain transactions and contracts or understanding with clients where the supplier required to have inventory in their international warehouses in which case to that extent you would have bear the expenditure on ocean freight. But as far as the overall portfolio, it is largely beyond the class. Inflation was witnessed not just in ocean freight but even in the roadway freight which has gone up significantly and other challenges that came through because of supply chain disruptions, because creating a lot of stir in terms of throughput, in terms of holding up production and so on because the fleets were running behind schedule, one cannot analyze fleet stores under a sharp clock. So, these are the challenges industry face vis-a-vis disruption but that begun to ease out, ocean freight cost have begun to come down, corrected by 30% and inland freight is still high but I guess at some time I think that will ease as well.

Krishna Kumar S: Thank you very much and wish all the best.

Moderator: Thank you. Our next question from Prerna Jhunjhunwala from Elara Capital. Please go ahead.

Prerna Jhunjhunwala: Sir, just wanted to understand if there are green shoots visible in the demand recovery today so that we can understand the gradual recovery that you are talking about. What kind of recovery we can expect over the next six months or one year, to just understand if you give some instances and all anything that you can help us to understand the gravity of the issue or improvement in the scenario?

Shrikant Himatsingka: Prerna, to be honest we have seen recovery in certain buckets stronger than in certain other buckets. I cannot say whether that is an industry centric phenomena or situation centric phenomenon that I would chose to call it anything centric phenomena and for the simple reason that I don't know/cannot comment exactly what is going on with others. But the utilization levels that we have called out start of this call, so, we see our utilizations levels in our spinning plant are heading back north. So, they are already as we speak across the 80% mark and heading towards 85-87% again it may not be a weighted average for this particular quarter that we are now in but it has really been that direction and I think it will be back being a pretty much still. As far as terry towels is concerned we are also seeing a lot of positive traction on the portfolio and it should head back over a six month period if not in and around that period, it should head back to the levels that we saw in FY2022 and once we hit that level we will plan to go beyond that. So, utilization levels are heading back to

pre-drop levels, please keep in mind last year we had record revenue of over Rs.3200 Crores and utilization levels have crossed our plans, they are healthy and terry towel plant is ramping up well. So, the terry towels also headed back in that direction and I think a comfortable time frame which we spoke about. So, both these buckets are headed back, our sheeting bucket is a little slower than these two buckets. So, it is more stable at this point with some positives. So, we are working on that front. So, two out of these three are headed back, the bedding front, we will keep stakeholder posted on how that is panning out over the couple of months.

Prerna Jhunjhunwala: Sir we have seen some challenge in the brand side also, because our brand revenues were at around Rs.400 Crores against 570 odd run rate that we were having and most others no news that we read talk about that retail sales in the US are not that impacted to a large extent but there is inventory cut in the retailers. Can you just help us understand how we should look at your brand portfolio going forward and what is happening over there?

Shrikant Himatsingka: Maturing of our bath portfolio which has added a significant number of clients to our roster and broad based our client and market mix I think it is safe to assume that maybe the percentage of revenues from brands will ease out. But that will not affect our model as such it has the slips that the private label, revenue streams are also expanding and moreover expanding at a faster pace concern of our branded revenue shoes simply because of revenue capacity come on board and swan. Our margin structure will not be necessarily impacted because of this change or this change in complexion they are in probably. But as an expectation keep in mind that some of our branded revenues might ease out and in fact if there are some brands in Himatsingka's portfolio which we believe are underperforming or creating a drag on our operating performance and so on Himatsingka will not hesitate to rationalize those parts of its portfolio because we are not in the business collecting brand, we are in the business leveraging brands to enhance our operating performance. If we are not achieving that objective then we will make sure that we have balanced it right. So, going forward our strength and the model strength is not necessarily, positively co-related to all our branded revenues. As long they are our integral significant part of our portfolio that in itself gives us edge in the medium to long-term. But I don't think that a sort of financial performance will be driven by the quantum of the branded revenues alone.

Prerna Jhunjhunwala: Okay, understood. Just a follow up on this question on your commentary, only that, do you think that the branded home textile portfolio with US consumers they are okay with doing private label and they are not really brand specific as consumer then in that is the change you are seeing in the US consumer cycle?

Shrikant Himatsingka: I can't make generalization but in our experience they are very alive to them and they love them, basically value in brands and so on. But that doesn't mean that every brand that one

has in their portfolio is going to achieve their objective. So, which is why I say there are brands that are creating a drag on our operating performance because of the inherent cost structure of the brand then we will certainly make sure that we rationalize that part of our portfolio even if it means that there is a light reduction in branded revenue streams in case of private label. As I said we are an integrated player that design, develop, manufacture and distributor suite of textile products as long as we have a reasonably strong portfolio brands, as long as Himatsingka is at the forefront to take ability, as long as our innovation quotient is strong I don't think movement in the percentage of our brand as a percentage of our total revenues will make much of a difference to our margin and therefore, I think it will also iron out our expectations in order collector of brands. It is not our objective where 100% of our revenues comes from brands that is not our objective. Our objective is to make sure that we have a good balance between brands and private labels, revenue streams and that Himatsingka is driving the right amount of integration, the right amount of services for our clients and the right amount of solutions for our clients and making sure that our model delivers on being capital efficient making sure that we are focused on our themes with new labels. Some of these objective obviously not come through in recent times Prerna, for factors that we have shared that are entirely external. It is indeed running way behind schedule in terms of us delivering some of those things. But unfortunately some of these events are not in our control. So, that is how I see this whole utilization of brand going forward. The consumer will always have the affinity for brands and branded proposition but it is the supplier that has to be careful about which brands and how much. Because as I said it is not necessary that every brand will guide results.

Prerna Jhunjhunwala: Makes sense, sir. Sir, this is quite enlightening and detailed response, the last question from my side is on inventory, just wanted to understand the breakup of inventory in terms of finished goods and maybe WIP RM this quarter end.

Shrikant Himatsingka: We have to take that offline.

Prerna Jhunjhunwala: Is there is any write down that we will have taken because of the price correction that has happened in cotton or input cost.

Shrikant Himatsingka: No, it is a very wide term the price correction in cotton will not surface in the form of write down. The price correction in cotton will surface in the form of lower gross margins in which many of us are facing already because the prices were high of cotton but if the market prices have fallen and as I said you have some old cotton which is at a higher price it will come in the form of a write down, it will come in the form of, we having lower gross margins then we should.

Prerna Jhunjhunwala: Okay, right and anything on the finished side if you have to tell?

Shrikant Himatsingka: As far as finished goods right now nothing to report as of now. We have reduced inventory by around Rs.100 Crores, it has come down there has some translation impact which of the dollar falling which it would have been even low, but it has come down we hope to bring it down a little further but the cycle goes back progressively up we will see how turns out but right now we are working on rationalizing the cycle.

Prerna Jhunjhunwala: Thank you for the detailed response. Thank you so much.

Moderator: Thank you. Our next question is from the line of Mithun Aswath from Kivah Advisors. Please go ahead.

Mithun Aswath: I just wanted to understand amongst the competitors are looking at India as a growth opportunity. I just wanted to understand what are your domestic sales and any plan to kind of ramp that up as well that was question one, question two was what are your net debt levels currently and what are your cost of debt at the current juncture and you do mentioned that the second half should be much better, any target in terms of margins in the second half that you would be targeting and you expect FY2024 likely to be more like FY2022 or is it too early to take that call. Thank you.

Shrikant Himatsingka: I will address first question number three. I did not say that H2 will be much better, it could very well be but what I did say is we will progressively improve operating performance as we go into H2 for the reasons that raw material prices are easing out from H2 , supply chain conversion issues and challenges are easing out and the inventory correction initiative which we have undertaken by us to customers into these coming to close in some cases, the intensity is coming down in certain other case these are the factors that we felt will guide progressive recovery going forward. So, that is one point, the second point is as far as the domestic market is concerned it is undoubtedly an important growth opportunity, but I would like to add that is an important growth opportunity not in the short-term necessarily but in the medium to long-term one cannot and should not ignore it. India plans and revenues streams are very low, which is not something that we are necessarily happy about. But at the same time we are trying to plan out our India strategy which will take time because it is not a simple market to enter and grow it is fragmented, it has challenges and the optics of the size of the market belies with underlying fragmented nature and channel. So, while it is an interesting opportunity and at some point it will become substantive as well. At this point we are trying to figure out how to make sure that we get our strategy right on India and not start another exercise which creates a drag on operating performance. So as on, opportunities I resonate with your comments but in terms of specific strategies as to how to seize this opportunity, there are challenges which we are working on and trying to see how to create strategies where we won't create short-term guide in consequence on our operating performance. We currently have two small brands operating in this jurisdiction

Atmosphere and Himeya they are not of any consequence in terms of size. So, apart from India question is concerned work in progress, taking its time, honestly we have been more pre-occupied with fighting markets and the inflation front and other micro economic challenges that we recently discussed. Once these settle those challenges will come back to addressing this opportunity of India so that is as far as this India is concerned. So, in terms of second half you had one more question?

Mithun Aswath: On the net debt levels currently and what is the cost of debt?

Shrikant Himtsingka: The cost of debt is probably in the 8% to 9% which we will take offline we are happy to share with you. The second point is that net worth is 2773 but is excluding any unliquidated scrips if you basically liquidate those scrips which is not technically is sitting in cash and cash equivalent but it is more less flat, it should be slightly coming down to the pre-fix 2630 range. On FY2024 is concerned, it can be time frame to get it back the benchmark of where we should be in terms of margins is definitely not FY2022 because FY2022 saw a few hit by inflation in the second half. These things are led by industry and industry having operating margins are up until FY2019 and we were hit in 2020 with COVID so the second half has created a wash on our margin profile for that fiscal and thereafter election interruptions were. So, I think 2024 should be good for us in terms of time frames heading back to more solid operating performance FY2022 H1 we were positioning ourselves to achieve EBITDA over Rs.600 Crores with terry to ramp up and with some inflation pressure. But I think our assets are well put together they are world class our capacity is global scale, our brands, I think with macro-economic environment returning which has not been the case over the last year or so. Our assets are priced to deliver EBITDA I would say new EBITDA margins should be as we have shared with stakeholders earlier we used to say 20-22% but not more cautious more volatility I would admit more in the region of 19 to 20% somewhere there and there is more revenues to be clocked than what we did in FY2022. So, I think if there is more revenue potential and then with this margin profile I would say that what all assets should deliver in normal macro-economic environment.

Mithun Aswath: Thank you so much. My last question, in FY2022 despite reasonably good performance we were not able to bring down our debt. Just wanted to understand are there some vagaries in the industry that prevent us from reaching it.

Shrikant Himatsingka: We had two-three issues in FY2022, there was over Rs.200 Crores of unsold scrips which normally would not have piled up to that extent but it piled because the Government of India were sorting some procedure/regulatory issues with the sale of scrips. That caused in working capital expansion that is one issue. The second issue was inflation in working capital which we witnessed during that time. The third issue some of our other

subsidy/incentives due from other stakeholders were behind schedule which normally is not the case. So, all these put together created a situation where we couldn't bring down that as much as we should have. We also have some addition in working capital which was because of built up of inventories. So, which were specifically the reason why we couldn't bring it down. We should have but we couldn't and that is the answer to your question vis-a-vis FY2022.

Mithun Aswath: Right, sir. Thank you.

Moderator: Thank you. I would now hand over the conference to the management for closing comments.

Shrikant Himatsingka: Ladies and gentlemen, thank you so much for taking your time and joining us for this call. I do hope we have thrown light and given you satisfactory answers and responses to your queries, if you still have anything you would like to clarify and know more about get in touch and we will be more than happy to assist you with anything you need. Thank you again and look forward to our next session. Thank you very much.

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