Himatsingka

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November 13, 2023

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**

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 enclose herewith a copy of transcript of conference call for Analysts and Investors held on Wednesday, November 08, 2023.

Please note that the transcript of conference call will also be available on the website of the Company.

Please take the same on record.

Thanking you,

Yours faithfully,

For Himatsingka Seide Limited

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“Himatsingka Seide Limited
Q2 FY2024 Earnings Conference Call”

November 08, 2023

ANALYST:	**MS. PRERNA JHUNJHUNWALA - ELARA SECURITIES PRIVATE LIMITED**
MANAGEMENT:	**MR. SHRIKANT HIMATSINGKA – EXECUTIVE VICE CHAIRMAN & MANAGING DIRECTOR - HIMATSINGKA SEIDE LIMITED** **MR. SANKARANARAYANAN M - PRESIDENT FINANCE & GROUP CHIEF FINANCIAL OFFICER - HIMATSINGKA SEIDE LIMITED** **MS. SHILPA SHANBHAG – VICE PRESIDENT STRATEGIC FINANCE - HIMATSINGKA SEIDE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Himatsingka Seide Limited Q2 FY2024 Earnings 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. Prerna Jhunjhunwala from Elara Securities Private Limited. Thank you and over to you Madam!

Prerna Jhunjhunwala: Thank you Yusuf. Good afternoon, everyone. On behalf of Elara Securities India Private Limited I would like to welcome you all for 2Q FY2024 post results conference call of Himatsingka Seide Limited. Today we have with us the senior management of the company including Mr. Shrikant Himatsingka, Executive Vice Chairman & Managing Director; Mr. Sankaranarayanan M, President Finance & Group CFO; Mrs. Shilpa Shanbhag, Vice President Strategic Finance. I would now like to hand over the call to Mr. Shrikant Himatsingka for opening remarks post which we will take the Q&A session. Thank you and over to you Sir!

Shrikant Himatsingka: Good afternoon, everybody. As always thank you for taking the time to join us on the earnings call this afternoon. I will take you through a brief business update and I am assuming that the financials are something that you have gone through, so after the business update, I will open the floor to Q&A and feel free to ask me any questions that you might have.

Our Q2 FY2024 operating performance continue to demonstrate progressive improvement Y-o-Y on the back of improved capacity utilization levels, softening raw material costs, and marginalizing of energy costs. During the second quarter FY2024 our capacity utilization levels at our manufacturing facilities stood at 99% for our spinning division, 67% for our sheeting division and 67% for our terry towel division. We continue to see a stable demand environment driven by expanding client base and growing presence across new markets. We are happy to announce recently that we have launched our Himêya brand into the domestic market during the end of the last quarter and we will be now focused on growing our market presence in India and aim to achieve revenues in the region of 1000 Crores over the next 5 years from this jurisdiction. Key raw material prices continued to remain stable during the second quarter FY2024 and thereby contributed to improved operating margins Y-o-Y. Our net debt during the quarter remained rangebound and stood at 2579 Crores versus 2512 Crores as of June 30, 2023. These are our brief thoughts on the business update. We will be happy to open the floor for Q&A and I will be happy to take questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Dhruv Bajaj from Smart Sync Investment Advisory Services. Please proceed.

Dhruv Bajaj: Firstly, congratulations on a good set of results on a Y-on-Y basis and on the launch of Himêya brand. So, my first question entail regarding do we plan on spending some additional capex on our Himêya brand since we are aspiring to grow this brand to a 1000 Crore brand within five years will the existing capacity will be enough to cater to the demand?

Shrikant Himatsingka: Fair question. As we do not see any specific requirements to augment capacity because of the launch of this brand, as I have shared with stakeholders earlier the company will debottleneck its capacities as and when required within its annual maintenance capex and organic capex budgets and we do not foresee anything beyond that as a requirement. So even if we have to debottleneck and/or augment capacities marginally in the medium-term we will do so within our annual maintenance organic capex budgets.

Dhruv Bajaj: Got it Sir that helps and my second question is that although Y-on-Y basis our growth has been very good, but on a quarter-on-quarter basis our volume growth seems pretty subdued like you have mentioned that the capacity utilizations has also remained stable on Q-on-Q basis versus our peers who actually reported around 15% type of growth, so what is the reason behind the same like is it due to a target markets being a bit different versus them since we are more export focused?

Shrikant Himatsingka: I cannot comment on the others, but we have seen some improvement Q-on-Q also, but there are product mix variations that keep coming through between quarters. So as far as we are concerned, we have been focused on making sure that we consolidate our performance, we focus on improving our operating performance, there could be movements between quarters, which ultimately it is a 12 week period, so there can be company specific, launch specific, the client specific sort of conditions that differ from company-to-company, but directionally as you can see Y-o-Y we are charting well.

Dhruv Bajaj: How are we seeing the cotton prices at the moment since on Q-on-Q basis our margins remain relatively unchanged; however, based on our understanding the cotton prices have went down a little, so can you please explain that variance?

Shrikant Himatsingka: No, that little is a broad statement, the cotton prices during this quarter vis-à-vis last quarter have remained rangebound and on a Y-o-Y basis they have continued to soften as we said they have softened as we said in a business update. So, at this point our outlook is that for the first half they have remained stable, the new crop is on its way in, and we will wait and watch as to how the markets react. At this point we expect stability in cotton prices.

Dhruv Bajaj: If I can squeeze in another question then I just wanted to know that we have made certain investments in FDs worth close to 200 Crores for H1, but we have actually raised certain debt and equity component to meet our borrowing repayments so can you please shed some light on that?

Shrikant Himatsingka: I think there is something that you have misunderstood or misread, but you please reach out to us offline we will be happy to take you through that more granular detail. On the face of it the numbers do not seem right so we will have to get into some details and explain that to you.

Dhruv Bajaj: So actually, it was mentioned in the cash flow from investing activities that we have invested close to 200 Crores in FDs, but no worries I will take that offline. Thank you Sir.

Moderator: Thank you. Next question is from the line of Yash Tanna from iThought PMS. Please proceed.

Yash Tanna: Good afternoon and thank you for the opportunity. Sir firstly regarding our debt repayments our net debt has remained stable Q-on-Q as you said, and from your past statements you said that debt reduction is our top capital allocation priority so if you can help us understand what is the broad plan for debt reduction and would it be fair to assume that till we do not pay off a decent amount of debt we will not look a further expansion in organic growth?

Shrikant Himatsingka: It is a fair assumption to assume that we will not be taking on capex beyond our annual maintenance and organic capex requirements as we have stated earlier to stakeholders whatever we undertake will be within these parameters and we continue our focus on deleveraging and while it has been range bound Q-on-Q but Y-o-Y it is reduced by about 194 Crores our net debt, so we continue to focus on that and consolidate on our operating performance.

Yash Tanna: Any numbers that you would like to share with us probably one year, two years, what is our target?

Shrikant Himatsingka: From a June standpoint Y-o-Y we had deleveraged by around close to 300 Crores right now we are tracking about let us say close to 200 Crores, so every year we hope to deleverage in the region of between 100 to 200 Crores and that is something that we see, so that will take us to around close to 400 Crores over the next 2 years in terms of total deleveraging is what we feel will happen.

Yash Tanna: The second question is on the trade receivable days, so they have shot up from about 18-20 days I am talking about pre-COVID levels to 91 days in FY2023 and probably it has been a little higher in H1 FY2024, so firstly what is the reason for these trade receivable days increasing drastically and how are we planning to get our working capital down, it is impacting our cash flows, and what would be the normal range for this?

Shrikant Himatsingka: It should be range bound the reason you are seeing movement from pre-COVID to now on third party receivables is because we have added a lot of third-party clients after the commissioning of our terry towel division. So pre-COVID we had commissioned our terry towel division for commercial production in October 2019 and our receivable complexion and our client base has significantly changed and broadened since then, and hence there is a movement on receivables because of that, because there are certain clients whom we are not necessarily factoring them, and it is showing up on the receivables front, the point of how much it should be, it should largely remain range bound is what we feel.

Yash Tanna: Right Sir, and range bound means this similar level of numbers that we have seen in FY2023 or H1 FY2024?

Shrikant Himatsingka: Even if we continue to grow organically, we will attempt to optimize our working capital cycle such that it should be broadly range bound.

Yash Tanna: One question on the other expenses so they are almost up by 32% on a year-on-year basis and 12% on a Q-o-Q basis, which seems to have brought our EDITDA margins down a little bit on a Q-on-Q basis so what are the major components in this other income and what is the steady state number for other income as a percentage to revenue for us.

Shrikant Himatsingka: You are talking about other expenses or other income?

Yash Tanna: Other expenses, so it has gone up 32% I think year-on-year.

Shrikant Himatsingka: We will just check on the inclusions of some of the items vis-à-vis the grouping and we will be happy to get back to you on that. Please get in touch offline.

Yash Tanna: Sure, Sir and I have also requested on mail to the Company Secretary I think for a few details if I could get a reply on that should be great and congratulations on the launch of Himêya brand and best of luck.

Shrikant Himatsingka: Thank you very much. We will most definitely get back on your queries to the best of our abilities and if you have already written to the Company Secretary that will be followed up and this additional query of yours in other expenses will also be addressed suitably. Yes, thank you.

Yash Tanna: Alright Sir. Thank you.

Moderator: Thank you. Next question is from the line of Manish Dhariwal from Fiducia Capital Advisors Private Limited. Please proceed.

Manish Dhariwal: Very good afternoon and thank you so much for this opportunity. Sir, first of all my compliments on kind of last couple of years is having tough and capex is coming up at a appropriate time, nobody could guess when it is going to hit, so I think we come out pretty well, so one Congratulations to the whole team and I hope we keep on kind of going on the trajectory. Having said that you did answer question on the net debt levels I was not very clear about it, so at this point we are at 2579 Crores of net debt as of September 30, 2023 balance sheet that has been shared with us, so say in three years, so we are in like say 2024, so 2027 what would that number be approximately, this is the plan the reason of schedules and everything that have been decided like they are already pre-decided?

Shrikant Himatsingka: Based on the run rates or bands of run rates that I just mentioned to Yash prior to your query we should be just under 2000 Crores.

Manish Dhariwal: That would still be pretty significant, in fact, but I guess this is the cash flows only one can kind of repay, so we understand that. Secondly about this domestic market capturing that has been a kind of I think an idea that has been there with the organization quite some time, I do recall that a couple of years ago we had made a similar attempt and made Atmosphere and those kind of brands kind of launch, so how are you kind of looking at the domestic market, if you could just give some points on that?

Shrikant Himatsingka: So Himatsingka first entered the Indian market in 2003 with the launch of its luxury brand Atmosphere, for Drapery & Upholstery products, while the launch was successful the positioning of the brand was in the luxury category and therefore its scalability and reach were limited, post that we were largely focused on global markets and not the domestic market and while the company grew our focus was the North America, the EU, the UK and APAC regions, but we had spoken with various stakeholders and told them that our India plans are work in progress and under review and we finally have sort of recalibrated our approach to entering the Indian market. The Himêya brand is positioned to cater to a very broad section of audiences across price points, this is not a luxury brand unlike Atmosphere and hence the potential to scale to the kind of numbers that we are looking at over the next 5 years the market in itself is a maturing market it is a growing market, and it is a consolidating market. So, consumer preferences are maturing, the organized retail segment is consolidating, and the overall demand in the market is obviously growing just like various other segments. So with this sort of backdrop we thought that we must most definitely be present and in the market and we must be present across price points and the categories that we operate in and so that is what we are going to gun for over the next 5 years, it is also our attempt to make sure that our revenue streams are more balanced and not just emanating from a few markets globally, it will also lend to better pricing power, I believe it will lend to better operating margins as well.

Manish Dhariwal: Thank you so much. So, I would subscribe to those thoughts myself. So, what kind of outlay are we proposing to develop the domestic market like our presence there, so you have to set up the organization, you have to set up the distribution, you have to set up the whole lot of things, so what kind of an outlay are we proposing for this whole project, if I could use the word?

Shrikant Himatsingka: The outlay will not be significant are actually very material because of two reasons. On the manufacturing front as I said earlier, we are not estimating or forecasting anything specific for this foray as such, I am not talking about 5, 10, 15 Crores of expenditure here and there to augment some supply chain infrastructure and things like that. I am talking of anything beyond the materiality threshold and therefore we do not expect anything material to be required on the manufacturing front and whatever is required if at all will be within our annual organic and maintenance capex budgets vis-à-vis the distribution piece the commitments will largely be coming in from the P&L and not from the balance sheet because investments are would not be required we are not in the world of home textiles you do not go and start opening stores and things of that nature, you leverage existing distribution platforms nationwide and your product actually reaches the end consumer based on the strength of those distribution platforms. So, in other words the nature of this segment is such that you do not invest in creating new platforms, you invest in leveraging existing platforms and if you invest in leveraging existing platforms that definition of investment is largely driven by optimal models for product visibility and that will largely sit in the P&L. So, to answer your question outlays are not going to be of any material kind as we foresee now for our foray and growth in India. Our commitments will be more driven on brand visibility and brand distribution, which will emanate from the P&L as we grow.

Manish Dhariwal: Absolutely I got that. In terms of the brand visibility that they are happening some advertising campaigns and some above the line, below the line processes, so typically one talks of about 5% of the revenue going towards the advertising piece, but then that is only when the business is kind of matured a bit, so in terms of the numbers would you have sort of some visibility?

Shrikant Himatsingka: Let me say it this way, unlike the world of fashion we do not expect upfront bulk outflows to establish the brand which will distort and/or materially impact our operating performance on the P&L front. We do not expect that because to our mind and to the best of our knowledge and experience this segment does not warrant those kinds of spends unlike other segments that might need such expenditure, I am talking from a standpoint of materiality. So, we should have a balanced approach as we grow.

Manish Dhariwal: Wonderful, so my full best wishes on this and all the very best and we are going to participate in the whole growth hopefully. Thank you so much.

Moderator: Thank you. Next question is from the line of Ms. Prerna Jhunjhunwala from Elara Securities. Please proceed.

Prerna Jhunjhunwala: Hi Sir, Congratulations on a strong set of margins that you have reported the last two quarters is very commendable. Just wanted to understand earlier participant had already asked, but I just wanted to check on utilization level improvement how much can we see over the next two to three years, can we reach full utilization levels around 85% in the next 3 years timeframe?

Shrikant Himatsingka: Yes, absolutely that will be our endeavor in fact three years a fairly long time, we should be there much sooner. I would not be able to commit as to when because it is fluid rather in terms of market conditions, but 3 years is a very long time for us to move from 67 to the higher 90s we should be there, we are targeting to be there much sooner. As I said there could be movements between quarters and things like that, but one has to keep in mind that quarters, it is essentially 12 weeks, so a whole lot, while most corporates are scanned and measured every queue, but a whole lot cannot change in 12 weeks, so one has to look at it more directionally which you are attempting to do rightfully and I feel that we should be capable of moving into the high 90s in terms of utilization much sooner than the three-year timeframe.

Prerna Jhunjhunwala: That is helpful. Also, I wanted to understand the demand outlook in your key markets US and Europe and GCC where you have been gaining traction so just some qualitative input on the demand scenario and how they are shaping up?

Shrikant Himatsingka: Yes, I think as we have outlined in our business update we have seen a stable demand outlook, I must be very candid and upfront with stakeholders, we are not seeing a whole lot of negativity of any kind nor are we seeing very strong upward trends of any kind, we are largely seeing a stable environment their pockets of upsides, their pockets of stability and their pockets of downsides, but on the whole it is a stable environment that is really what we are seeing. Now it could change from company-to-company because there is no central or let us just say unified measure of demand, there are some parameters one can look at, but ultimately it will be company centric and the outlook we currently have is stable with the upward bias.

Prerna Jhunjhunwala: That is helpful Sir and is it across US, Europe and GCC, this is the same kind of environment you are looking at or there is some better demand traction somewhere like maybe in Europe or GCC?

Shrikant Himatsingka: I see a fair amount of homogeneity if there is any difference it is really at a retailer level it is not at a region level as we see it.

Prerna Jhunjhunwala: Could you give us some clarity on Himêya brand with respect to what kind of target audience you are looking at like mass premium or a mixture of mass plus premium or you will also look at the lower end of price point and what will be your strategy with respect to distribution especially whether it will be like more of departmental stores initially or initial few years what are your plans for the target audience as well as distribution?

Shrikant Himatsingka: As I said the brand is slated to be positioned for a very broad section of audiences. So, we will cater to low, mass and premium there is no question about it. It is not a premium brand alone in terms of price points, it will appeal to price points across the board, competing brands and offerings will not be less expensive, the Himêya will be priced or rather is priced in a manner which is comparable if not more competitive than competing brands and hence for the kind of products that it is selling and hence we will be catering to a broad cross-section of audiences because if that is not our positioning it will not be possible for us to scale to the kind of numbers that we want to achieve over the next 5 years. So, it is imperative that the group position itself such that the brand is available across price points and hence caters to a cross section of audiences. With the launch of Himêya group will operate two brands in India which is Himêya and our earlier brand Atmosphere we might be looking to even consider a third brand addition sometime in the medium-term that is something we are still evaluating, but we might operate with up to three brands in the country. As of now it is two.

Prerna Jhunjhunwala: No problem and Sir are there any plans of launching Himêya internationally because you already have connect with the customers in international markets as well maybe D2C platforms, etc.,

Shrikant Himatsingka: Yes, we will be first focused on getting our momentum and rhythm with the launch that we have just sort of put through and then at a suitable time we will consider the brands positioning and appetite in other jurisdictions including neighboring jurisdictions. So, I think we will wait and watch for a little longer and channel our time and efforts in making sure that we get our entry right.

Prerna Jhunjhunwala: The last question on branded revenues, what would be our share of branded revenues in total revenue today?

Shrikant Himatsingka: Can I take that offline with you?

Prerna Jhunjhunwala: No problem.

Shrikant Himatsingka: Yes, because it is not part of our business update, but we will just get back to you on that.

Prerna Jhunjhunwala: Sure Sir. Thank you Sir and all the best.

Moderator: Thank you. Next question is from the line of Ankit Minocha from MRLR Capital. Please go ahead.

Ankit Minocha: Hi, good afternoon. My question is pertaining to the demand scenario in H2 again. I just wanted to understand that a little bit better. So, if I look at last year, we did around 1430 Crores of sales in H2 and we spoke about festive stocking in the market kind of happening in H1 so do we see kind of some growth coming in, in terms of H2 sales as well or are we kind of seeing a flattish trajectory going forward?

Shrikant Himatsingka: I think at this point we are tracking the way we are for H1 on a Y-o-Y basis. Our demand outlook is stable with the upward bias and at this point and our focus is to really consolidate our operating performance and get our performance aligned appropriately, which is what we have hopefully achieved in the first half of this fiscal and our efforts will be to achieve the same in the second half vis-à-vis your question on revenue growth on the second half unfortunately I cannot make a specific comment on that, but we hope to continue to deliver a stable operating performance in H2 as well.

Ankit Minocha: Right, thank you so much and in terms of growth in the long-term if I was look at it, in the past 10 years we have grown at mid single digits CAGR and in the past five years we have again grown at slightly lower than mid single digit CAGR, if I was to look at this like a long-term investor and figure out that are there triggers now that you feel especially with the upcoming FTAs or what kind of traction you are seeing in your markets, are there triggers wherein you see this growth significantly picking up in the next three years because you are talking about your capacity kind of reaching high 90s from the high 60s earlier than three years so are there any triggers that you are kind of seeing out playing in front of you or it is more optimism that we kind of aim to reach there?

Shrikant Himatsingka: No, let us examine factually, so we clocked revenues of 3200 Crores in FY2022 then we slipped again because of conditions that prevailed in FY2023, we have room for capacity utilization growth, we are well entrenched in global markets with the launch of our terry towel division, we have expanded our client base as well. We have a very sort of we have a holistic product offering, global reach, strong brand portfolio, and global scale assets, and even our assets from an ESG standpoint are extremely well positioned, there is a China Plus One piece playing out, there is a Pakistan Plus Two piece playing out, there is an FTA push and the domestic market push. With all these triggers I think it is fair to assume that over the next 3 years if not sooner our capacity utilization level should see a boost. We must not forget that the last 3 years the companies also lost a couple of clients including some that are not active anymore and we have also intentionally discontinued some revenue streams of traded products, which we did not think were adding value, so some of that has also sort of impacted our revenue growth numbers, but we did it in prudence to right align our revenue model, so that is what it is and that is how I see our outlook.

Ankit Minocha: Thank you, that is nice, helpful and my final question would be with regard to the relation of the pricing power in the market especially with regard to cotton prices, yes when cotton prices go up our margins can kind of suffer, but when they kind of they go down does that translate into significantly higher margins for us and can be kind of gain traction in terms of EBITDA margins whenever cotton prices go down?

Shrikant Himatsingka: Yes, in this industry, look I have always been clear with stakeholders, this is my point of view I cannot comment on competition and other companies, but I just feel that this industry as far as pricing power is concerned of course it is a little challenged as far as pricing power is concerned. So, we feel that with the diversification of markets and looking at a strong India presence we should be aiding our ability on pricing power in the years to come point number one and point number two our focus on innovation and brands will also help aid that piece. So that is what Himatsingka will specifically be doing to make sure that vis-à-vis the framework of this industry and relative to the challenges in this industry we are positioned optimally as far as pricing power is concerned.

Ankit Minocha: Right, thank you, that is very helpful and wish you all the best.

Moderator: Thank you. Next question is from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: Yes, good afternoon, Sir, thanks for giving me the opportunity and congrats for good set of numbers. My question is on the number of clienteles you have added in last two years maybe prior to the COVID and what is the number of clienteles you have currently because

I guess that is also one of the drivers which will help you to increase your utilization level going ahead adding more and more clients in newer markets so just a thought on that?

Shrikant Himatsingka: Your voice was going in and out; can you just repeat your question, please?

Kaustubh Pawaskar: Yes, so just wanted to know the number of clients you have added over the last two years maybe prior to the COVID what was the number of clients you had and right now what is the clientele you are having, so the increase in the clientele, if there is an increase in the cliental number of clients and whether that will help you to push your utilization levels going ahead?

Shrikant Himatsingka: What I cannot unfortunately specifically share the number of clients, but what I can tell you is the client addition has been significant after the addition of terry towel, the terry towel division because of the underlying nature of the business, and it help augment our global client base, it help us on getting into new jurisdictions and expand our channel mix. So we are expanding our client mix, we are expanding our channel mix, we are expanding our geography mix/market mix, and that is the combination we are playing, unfortunately we have had headwinds which have taken away from our revenue streams also, so if you look at our revenue additions from a standpoint of shear additions on a net basis it is not looking like much at this point, but on a gross basis because we have had to fight some of the loss of revenue streams we have had on account of either issues with clients because they are not there anymore or we have had discontinued streams of certain products and things like that, our revenue addition has been pretty robust and that has been aided by the enhanced client mix that we are currently operating with, so if we have had maybe a 5x jump or a 6x jump on the client mix over the last three years just to give you an idea.

Kaustubh Pawaskar: With UK FTA if that goes as per the plan so that would further help you to add more clients into that region or you already have a good base over there?

Shrikant Himatsingka: No, it would help us deepen and enhance market share theoretically speaking it is ultimately going to be a company centric sort of development when it does unfold because there is competition as well, but if I look at it from a jurisdiction standpoint India stand to gain should the FTAs come through, how the gain will be distributed between a few players that is something time will tell, but it is definitely an advantage for the industry should the FTAs come through and as I was telling the earlier speaker in addition to the FTAs there is let us just say China piece that is playing out, there is also a piece on the Pakistan front because the jurisdiction is challenged on various fronts at this point and India stands to potentially gain from there as well then there is another trigger of a strong domestic market that we see in the years to come which we have finally started our journey on embracing and our major capex cycles over so we are well positioned, so these factors this is how we see the whole puzzle.

Kaustubh Pawaskar: Right, thanks for the understanding.

Moderator: Thank you. Next question is from the line of Aditya Sen from RoboCapital. Please proceed.

Aditya Sen: Hi, thank you for the opportunity. Sir, you said that our new brand will add approximately 1000 Crores revenue in next 5 years so this will be above our current revenue, right?

Shrikant Himatsingka: Yes, hopefully that is how we are seeing it, of course there can always be headwinds, but I am looking at it as over and above you are right.

Aditya Sen: That was my question. Thank you.

Moderator: Thank you. Next question is from the line of Nagraj Chandrasekar from Emerge Capital. Please proceed.

Nagraj Chandrasekar: Hi, thank you for taking my question. Question is this is being a very concentrated industry, your peers who have reported thus far have upped guidance on volumes and we have also seen a narrowing of the India to global cotton price differential in favor of India, which also should theoretically help your spinning side of the business with margins there, cotton arrivals being stable and what not in this season, so just wanted to get a sense of this 67% moving to high 90s you alluded to a previous caller, how quickly can that happen, on the sheeting side how quickly can you get back to the 12 to 13 million square meters run rate you were doing late 2021 should that not happen a lot quicker, do yourself alluded to, and you have seen your peers raise guidance quite significantly in concalls and over the past couple of weeks why have we not seeing the same sort of robust demand in the market?

Shrikant Himatsingka: Well point number one I cannot answer for my peers and we are seeing a stable demand environment with upward bias that is what we are looking and that is what we are seeing and the other queries you had do get in touch with us offline because there are some of them are pretty granular and we will need to explain that to you let us just say or take you through our thoughts in a more granular manner for us to be on the same page so would really appreciate if you could get in touch with us and we will take you through that. On the utilization question sorry the speaker had asked me where I see, would I see us reaching the high 90s over the next 3 years and my response was yes, most definitely we see ourselves reaching that number in the next 3 years, but that is a fairly long time, and we should hopefully be there much sooner is what I said to that speaker. Now the definition of much sooner is a little difficult for me to articulate, but we see us getting there prior to the 36-month framework that was laid out by the speaker.

Nagraj Chandrasekar: Got it and just on the spinning side of the business, which I know you do not break it out it I backward integrate is into your home textile piece, but just on that part of the business directionally should you not see an improvement in margins given if there is an uptake in utilization on our home textile side and decline in our cotton price?

Shrikant Himatsingka: Let me explain that spinning is running full so if the utilization goes up in home textiles that will not change spinning's fortunes because it is already full from a standpoint of capacity utilization. So let us now examine what can change spinning's fortunes, you are saying that are not fortunes but operating performance, and so you were mentioning that there is a narrowing of differential between Indian cotton prices and international cotton prices and the narrowing of such cotton prices should augment the operating performance of spinning that is what you had mentioned right. Is that right?

Nagraj Chandrasekar: Yes.

Shrikant Himatsingka: So, in specifically speaking we are not sure what you mean by saying that there is a narrowing difference between Indian and international cotton prices, I am not sure what that statement means because the varieties of Indian cotton and international varieties that are largely consumed in this industry are very different and so we are not seeing any specific narrowing of Indian vis-à-vis international cotton prices and hence there sort of being any improvement or potential improvement in spinning performance. So the underlying statement and our observations to us do not see right, which is why I said we will be happy to understand your perspective and then share ours in greater detail, but let us take an example, let us take our regular Indian cotton variety which is currently at 60000, 61000 which was the case 3 months ago and 4 months ago and let us take the case of certain international verities of cotton which has also been largely range bound, if the two were to narrow that means either the international has dropped or the Indian has increased, so the Indian has definitely not increased and the international has definitely not dropped, so we do not see how there has been a narrowing of cotton prices vis-à-vis Indian and international varieties, so point number one, and point number two even if they have narrowed in theory there is no direct correlation to operating performance.

Nagraj Chandrasekar: Understood. So, what you are saying is you are deriving the margin on the home textile side?

Shrikant Himatsingka: No, we are not deriving the margin from the home textiles. We have capital employed in spinning and therefore spinning has to earn its money and so on for home textiles and the value chain has to earn its money at every step of the way. All I am saying is there is no direct correlation that we can comprehend wherein should there be if at all, should there be any narrowing of Indian and international cotton prices if that will necessarily create a positive impact for spinning that is an equation, I am not able to figure out offhand. We do not see a direct correlation.

Nagraj Chandrasekar: Last question could you let me know the debt that you have to repay/refinance by 2024 second half 2025 and 2026?

Shrikant Himatsingka: We will be happy to look that up and let you know, but for the rest of year it is pretty mild through the end of fiscal 2024. For 2025 and 2026 to get in touch we will take you through it.

Nagraj Chandrasekar: Thank you.

Moderator: Thank you. Ladies and gentlemen next question is from the line of Nirali Gopani from Unique PMS. Please go ahead.

Nirali Gopani: Hi Sir, thank you for the opportunity. Sir, from your comments what I understand is that the debt repayment what we have planned for the next three years from the internal accrual is quite gradual, so do we have any plans to raise some capital via equity and repay a chunk of debt at one go so that we can see the benefit of growth moving on to the bottomline?

Shrikant Himatsingka: The last tranche of equity we raised was about 100 Crores through an FCCB we placed to the International Finance Corporation Washington. At this point there are no further clients to raise equity, the speaker had asked me about my views as to how I see the debt repayment or the net debt levels over the next 3 years and I said we should be below 2000 Crores that is a substantial correction from where we are and at this point we have no specific additional let us say plans to raise large sums of equity and should they be such plans then we will definitely keep our stakeholders posted.

Nirali Gopani: That is it from my side. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take this as a last question for the day. I now hand the conference over to the management for the closing comments.

Shrikant Himatsingka: Thank you all so much for all your questions and queries. I do hope I have shed light on most of them, but those who need to reach out to us offline to seek answers to their queries please do and we will be more than happy to take you through it, and I look forward to catching up with you all next quarter. Thank you all.

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