



## SHIVA TEXYARN LIMITED

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30<sup>th</sup> May, 2022

To

BSE Limited Floor 25 Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001  <b>Scrip Code :- 511108</b>	The Manager Listing Department National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex Bandra (East), Mumbai 400 051  <b>Scrip Code : SHIVATEX</b>
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Dear Sir,

**SUB:- TRANSCRIPT OF THE EARNINGS CONFERENCE CALL - REG.**

We are attaching herewith the transcript of the Earnings Conference Call held on Thursday, 26<sup>th</sup> May, 2022. This information is furnished as per Regulation 30 read with Part A (15(b)(ii)) of Schedule III of the of SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015.

Pursuant to Regulation 46(2)(o) of the Listing Regulations, the aforesaid information is also available on the website of the Company [www.shivatex.in](http://www.shivatex.in).

Thanking you

Yours faithfully

**For Shiva Texyarn Limited**

  
**R. SRINIVASAN**  
Company Secretary  
M.No. 21254



# “Shiva Texyarn Limited Q4 FY2022 Earnings Conference Call”

May 26, 2022



**MANAGEMENT: DR. SUNDARARAMAN - MANAGING DIRECTOR - SHIVA  
TEXYARN LIMITED  
MR. KRISHNA KUMAR – CHIEF FINANCIAL OFFICER –  
SHIVA TEXYARN LIMITED**

**Moderator:**

Ladies and gentlemen, good day and welcome to the Q4 and FY2022 earnings conference call of Shiva Texyarn Limited. This conference call may contain forward looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Dr. Sundararaman-Managing Director Shiva Texyarn Limited. Thank you and over to you Sir!

**Sundararaman:**

Thank you. Good afternoon everyone. I would like to wish you all a very warm welcome to Shiva Texyarn Limited’s earnings conference call for the fourth quarter and the year ended March 31, 2022. I would like to first begin by expressing my gratitude to all of you for taking the time to join us today and on the call with me are Mr. Krishna Kumar – Chief Financial Officer and Bridge IR our investor relations team. Since this is only our third earnings conference call I would like to share some brief insights and recent developments about our company before we get into the business and financial performance for the year.

Starting with some of the key developments over the year. As we are well aware the pandemic continued in the initial quarters for this fiscal year as well and the second wave of the pandemic led to lockdowns during a substantial part of the first half particularly the first quarter hampering production and logistics across various industries including ours. Subsequently, operations have recovered at a staggered manner, the market has been recovering well during the second half of the year, and luckily we have not had much of an impact from the third wave as like the previous ones and we look forward with a good amount of optimism to everything bouncing back to normal. Many of the products we have introduced during the peak of the pandemic like our face mask and anti-viral products continue to be sold albeit in a limited manner and we see some continuity in this regard. The highlight for the year has been the performance of the yarn spinning division. There has been a hitherto unprecedented performance based upon a very strong demand for cotton yarn particularly on the back of historically high cotton prices that have been rising steadily over the last eighteen months. This coupled with other factors like supply and demand constraints on some of our competing countries have ensured that the spinning sector particularly and our company in particular has performed extremely well. Another important aspect of our portfolio of products is the components we supply to the Indian army. We have recently won a repeat order for NBC Haversack bags from Ministry of Defence which was preceded by two orders in the previous year which we have successfully completed on time. Our association with the armed forces as their preferred

supplier for textile products has shaped up well over the years and we are proud to say that we are expanding in the nature and range of products that we are planning to supply to the armed forces. We have a possible Rs.110 Crores of products that we can cater to this year for the defence, these are all limited tenders that we have participated in and expecting the results. All these product lines leverage our production capacities and technical prowess to deliver innovative technical textile products for various end users.

The lamination division of the company has done reasonably well considering the fact that the markets were closed in Q1 because of the lockdown and Q4 was muted post Pongal in terms of general retail purchasing activities in the market. The company continues to introduce new products in the quick dry range and the brand continues to have a leadership position in the children's product segment. Looking ahead we are increasing our focus on seamless garments and poly spandex athleisure fabrics as this is a very high potential vertical where there are not many players in India and where we possess the technical knowhow to bring value added products to the market. We have recently acquired a 26% stake in wind power generation company namely L K distributors. The renewable energy generated would be for captive use and our plan is to subsequently increase our stake to 40% which should help us meet our energy requirements in an efficient and environment friendly manner for future expansions. Overall we continue to strive for a balanced and sustainable growth in our technical textile business supported by the backbone of our spinning business and we are pretty optimistic on times to come.

Giving a brief background of the company for people who have joined for the first time. Shiva Texyarn started its first spinning mill unit in 1989 and has grown steadily. Our spinning business expanded with addition of another unit and went up to 90000 spindles after which we had a demerger post which we are currently in 52000 spindles spinning capacity this is ring spinning particularly for cotton yarn. While this has been our traditional business, our strategic focus area has been technical textiles where we have build up quite a capability over a period of time. In 2006 we started our lamination division and over the subsequent years we have commenced garment processing, coating and related activities each specializing in certain technologies for end products all based upon research and innovation. We also have as I mentioned earlier the backing of several windmills under a dedicated division to generate green and competitive power costing renewable energy for captive use. Today, our product portfolio is a mix of various products that cater to a diverse range of applications from home textiles, healthcare, childcare, defence, apparel, accessories and so on and so forth. The company has also taken up a significant amount of business in online and digital capabilities trying to leverage the new format for brand promotion and brand creation. Our technical capabilities and knowhow coupled with consumer centric approach enable us to innovate new products regularly and which finds great value in the minds of the consumers.

Now, turning to our financial performance, the fourth quarter Q4 FY2022 we have reported Rs.126.94 Crores in revenues during Q4 FY2022 it is 16.02% year-on-year rise. Growth was driven primarily by recovery in the markets post COVID lockdowns. Our EBITDA for the quarter stands at Rs.7.18 Crores while EBITDA margin is 5.65%, volatility in raw material and other expenses offset the benefit of higher realization. Our net profit during this quarter is Rs.1.04 Crores as against Rs.3.63 Crores in the fourth quarter of FY2021, the net profit margin stood at 0.82%. EPS for this quarter is Rs.0.72. For the full year FY2022 we have reported Rs.477.07 Crores in revenues during FY2022 a 40% year-on-year rise, growth was driven primarily by recovery in the spinning division and overall market conditions post COVID related lockdowns. Our EBITDA for this period stands at Rs.55.09 Crores increasing 28.09% year-on-year, the EBITDA margin is 11.55%. Continued rise in cotton prices has a bearing on this margin. Our net profit for the year is Rs.20.41 Crores as against Rs.12.48 Crores in FY2021 rising 63.47% year-on-year, net profit margin stood at 4.28% up by 62 basis points. EPS for this period is Rs.15.44 as compared with Rs.9.47 in FY2021. The Board of Directors has recommended a dividend of Rs.1.40 for equity share of face value Rs.10 each subject to approval of shareholders. That is all from our side and we can now take questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line Aniket Redkar an individual Investor. Please go ahead.

**Aniket Redkar:** Good afternoon Sir. I have couple of questions I just wanted to know what has been the revenue contribution from the spinning business and then non-spinning business?

**Sundararaman:** Sure, please and your second question?

**Aniket Redkar:** What are the top products you have in terms of the revenue and the profit margins and any new other product development in the pipeline?

**Sundararaman:** Right, let me try to answer your questions. Firstly on this Rs.477 Crores turnover approximately Rs.348 Crores have come from spinning, I think Krishna Kumar can give the exact numbers and the rest is from the other divisions which is about approximately Rs.140 Crores. How much is this Krishna Kumar?

**Krishna Kumar:** Sir, Rs.350 Crores from spinning, Rs.127 Crores from non-spinning.

**Sundararaman:** So, that is the revenue breakup. If you look at what we do of course spinning business you are aware of the margins and the structures that we deliver. Typically EBITDA margins for this year have been approximately about 13% I would say on average in spinning and the areas where we do maximum value add and the work that we do for the army where the EBITDA margins are approximately about 25% plus and lamination and quick dry division

also would be in that range and broadly the rest of the products would be having an EBITDA margin in the range of about 16% to 18%.

**Aniket Redkar:** What is our expected target for spinning and non-spinning and by when we can expect to meet these targets?

**Sundararaman:** Right, so originally by this time we were actually anticipating that we would be keeping about 50:50 sort of split between spinning and non-spinning. This was a projection that I had given more than a year back, while two things have happened that have not allowed this to happen if you see approximately we are still at 72:28 percentage kind of split between spinning and non-spinning and the reason for that is because of the cotton spinning industry the raw materials going up, there has been more of a value increase than a volume increase in the spinning and that has actually contributed to a turnover of what used to be typically at Rs.260 Crores turnover in the unit going up to Rs.350 Crores in this year. The non-spinning on the other hand had a projection of going up to about Rs.150 Crores in this year itself, but because of some of the muted market conditions in Q1 and the lockdown as well as some retail market muting in Q4 we were only able to do Rs.127 Crores so this is why the current skew is like this. Now in the year going forward based upon what we predict to be robust orders for the garmenting divisions the increased investments of some Rs.20 Crores odd that has gone into the processing division and that capacity coming on stream we expect in this year in 2022-2023 to have a non-spinning component of anywhere between Rs.180 Crores to Rs.200 Crores of turnover. Now what spinning component is going to be is anybody's guess based upon how the cotton is going to be, but we anticipate that we will probably finish this year with 60:40 split in terms of spinning, non-spinning in a very conservative basis.

**Aniket Redkar:** I just want to understand the acquisition of stake in the L. K. Distributors, when it is going to get complete the acquisition of this L.K. Distributors and how are we going to get benefit from it?

**Sundararaman:** L. K. Distributors is an independent firm that is actually a related party where we are just availing their wind energy generated, when we get wind energy it becomes at least Rs.1 lower cost compared to what the grid energy and what often it be open market exchange, so we are only going through this 26% acquisition to make it a subsidiary company so that we are able to avail of its group captive power that is the extent to which we are getting into L.K. it is not going to be a big investment it is more of a way to facilitate getting power into the market.

**Aniket Redkar:** Can you give the revenue and profit margins for our quick dry and paw paw?

**Sundararaman:** This year it was quick dry and paw paw together I would say there was 10% degrowth compared to the previous year, overall the lamination division turnover was at Rs.49 Crores and the quick dry division's turnover was approximately about Rs.38 Crores and this was essentially because like I told you three months of last year of the first quarter was literally lockdown there were no market and post Pongal, post January we had a severe slowdown in markets across the country and now that is just bouncing back in May so because of these two reasons the revenue for quick dry and paw paw for this year was only Rs.38 Crores.

**Aniket Redkar:** Do we have any capex planning where we can use wind power?

**Sundararaman:** We have invested using Internal accruals about Rs.25 Crores last year, Rs.20 Crores of that have gone to processing and about Rs.5 Crores have gone into garmenting and other divisions as well as the nonwoven division which has come into full production right now. So, we are waiting for that investment to come into maturity in terms of production before we go to the next level, but over the period of the next 24 months we are looking at adding another Rs.70 to Rs.75 Crores of investment in various aspects of the businesses that we do. That would be the kind of capex that we would be putting in the next 18 to 24 months.

**Aniket Redkar:** Okay, Sir can you just throw some light on the yarn prices and how it is going to increase or decrease in the further coming quarters?

**Sundararaman:** Very briefly cotton yarn prices are reflecting cotton prices that is how it has been. Post COVID there was a supply-demand gap because many mills had not come into production and hence there was limited supply in the market which was making the price to go up for cotton yarn; in parallel with the banning of this Xinjiang cotton out of China there has been a rally in cotton prices in India at an unprecedented level going anywhere from Rs.47000 a candy all the way up to Rs.110000 at this present point of time. Whenever you have an uprun in the market like this you would have very good performance from spinning mills because there would be inventory gains based upon the inventory you are having whether it is two or three months inventory where yarn is priced on today's cotton price but your inventory comes at a lower cost and which is why the spinning industry over the last 18 months has done extremely well. We are hitting a peak because of many reasons, 1) that is muted customer demand signals coming in from the European, from the United States these are the main consumers. 2) A bumper crop based upon this year's cotton prices seems to be in the anvil with regards to Indian cotton production. 3) The government's efforts to allow relax again the import of cotton by removing the duty, all these points to lowering cotton prices in the months to come. So we definitely see cotton prices coming down. How does it impact is that the spinning company's performance might be more muted because again like I said what goes up comes down but we do not expect any precipitous drop in the business that is going to happen it will be more muted steady business in my opinion so that is how I feel the macro. At Shiva Texyarn of course what we have done is we have slightly

decommoditized our product, we have a much superior product that goes into the market because of the strategic approach where we take more noil and increase the quality of the product. Hence, our customer stickiness is better than the industry average and we have been over the last two years quite deleveraged from finance cost perspective and we keep our working capital in very tight check, so on all those counts we do not expect to see much disruption as far as our company is concerned.

**Aniket Redkar:**

As you said the China as we know that there is a partial lockdown over there and recently the Saudi also announced they are closing the flights due to this Monkey Pox and the Corona two more variants are coming up and again the situation is coming, so how do you see these kind of situation for our PPE kit and the mask products what are your views on this and how the product portfolio look like in the next year?

**Sundararaman:**

The overall situation seems to be that PPE would be in demand. The PPE is a very broad world when you look at for example masks of course are universal and there is not much of a difference because the sort of standard is an N95 and that works for all conditions, but in terms of PPE the kind of PPE that required for different circumstances vary. At Shiva Texyarn while we continue to do anti-viral and other products we have decided strategically that this would not be a growth area for us because we see a lot of players in this market, we do not see much differentiation. The initial first mover advantage and the urgency of need and the supply-demand mismatch which gave us significant margins have changed at this point of time. So, while we continue to be in that space it is not a space where we look at expanding. We find much more promise in the other areas where we are going where there is less competition, more opportunities for sustainable branding, etc. While there would be a demand I think there is a lot of undifferentiated products in the market right now with a lot of clutter people really do not know which one, we would not be able to differentiate in the quality between one and the other and it is not an area where we would be like to be in the long-term.

**Aniket Redkar:**

What kind of margins are we getting from the DRDO orders and who are our competitors for such orders?

**Sundararaman:**

Well in the NBC space, when you say DRDO that is relevant to the nuclear biological chemical process that we make and as you know we had Rs.27 Crores order for Haversack last year, for this particular product we are the single vendor in India, it is a very rare circumstance where there is only single vendor per product but because of the complexities, we continue to be a single vendor, EBITDA margins on this product would be somewhere about 33% then that would be broadly in line with the NBC range of products, but what we make for the army would have slightly lower EBITDA margins and is somewhere like I said between 25% to 30% but they operate on similar terms for what we supply to the DRDO.



- Aniket Redkar:** Okay, got it. Thank you so much. If I have any questions I will get back to you.
- Moderator:** Thank you. The next question is from the line of Kush Gangar from Care PMS. Please go ahead.
- Kush Gangar:** Hi! Sir, my first question is on the fact that you mentioned for FY2023 around Rs.180 to Rs.200 Crores contribution from non-spinning you are looking at versus Rs.125 Crores in FY2022, which segment would be the major growth driver?
- Sundararaman:** Today, in garments for the financial year we have confirmed orders from the military for about Rs.12 Crores. We have some leftover supplies from the last year which we have to complete and we are participating in about Rs.110 Crores worth of tenders with the limited tenders where we are either the only participant or we are one among two participants, so we are either going to be L1 or L2. We see the business coming out of that portion alone to be anywhere between Rs.57 Crores to Rs.70 Crores. In addition to whatever is in the pipeline we are looking at Rs.75 to Rs.80 Crores kind of business from the army in terms of garmenting this year and the rest of the other garmenting products that we do to be around Rs.15 to Rs.20 Crores, so in the conservative basis between Rs.90 Crores is what we are looking at from our garmenting division. The quick dry division assuming there are no disruptions in the market we are expecting it based upon the new products we are pushing into the market to grow to Rs.55 to Rs.60 Crores this year. The new processing plant has just been commissioned and it is going on, we expect that the plant will have a peak value production capacity of about Rs.3.8 Crores turnover per month and we expect to reach that from the month of August, so approximately we are looking at about eight months of turnover there about Rs.30 Crores, so if you add these itself you are about Rs.170 Crores. We also have a coating division and wiring division where we have started supplying insulation wirings to the Decathlon, so even conservatively taking that at Rs.20 Crores we must be about Rs.190 Crores as I said Rs.180 Crores to give us certain amount of push.
- Kush Gangar:** Sure sir, got it and some followup on that, you mentioned that Rs.80 to Rs.90 Crores from the army side, so the Rs.110 Crores tenders we have participated are those for existing products that we have already supplied or would those be for new products and as we have seen some delay earlier also from the army orders how confident are we regarding the timeline or the conclusion of the tender this time?
- Sundararaman:** Generally, what happens with the army orders is that they are very, very patchy and that the inherent difficulty we face when you go to any army orders. That patchiness typically happens up to the stage of a tender being published. Once the tender is published then there is certain timeframe in which they have to respond and do things, there is no danger of indeterminate delay on that aspect. Today, we are particularly looking at two tenders we have one more but what we see as absolutely rock solid is we are seeing a tender for the Air

Force for Haversack bags where we have a single tender and we are seeing a tender for cold weather ECWCS clothing where we are one among two and like I said the tender has got an approximate order value of 60% or 40% so if you are L1 you get 60%, L2 you get 40%. We are pretty much sure that the numbers we are looking at are well within our reach.

**Kush Gangar:** Sure, that is helpful and on the new capex which you mentioned that Rs.4 Crores run rate per month is possible from August so do we have orders in hand, we seem to be confident regarding the capacity utilization what gives us that confidence?

**Sundararaman:** We have three categories, we have got something called as poly spandex fabrics which is 25 tons a month, we have seamless garments which is about 28000 pieces per month, in shape wear going all the way up to about 120000 pieces in innerwear lingerie like panties becoming on the product mix match. For both of these products we are having confirmed orders on hand for the next two-and-a-half months and it is more the initial pre-production sample trials that are going on but our orders and price lines are confirmed. For the regular fabrics the other component which is our woven raised fabrics that we make fabrics for Decathlon we have an order visibility for the next six months. Fleece fabrics we have typically because that operates out of both supplying internally as well as to local markets in Tirupur. We have a typical order visibility of about 30 days. So, we have very good order visibility, what more of immediate operational significance is we getting all the product samples correct and then getting the buyer approval for production.

**Kush Gangar:** Sure, and just a clarification you mentioned that our spinning margins for FY2022 were around 13%, so if I add that to our current revenue of around Rs.350 Crores the EBITDA comes to approximately Rs.45 Crores and our total EBITDA for FY2022 was Rs.55 Crores, so you mean to say that only Rs.10 Crores EBITDA is generated from non-spinning whereas most of those orders would be army and quick dry having 25% margin so what am I missing over here?

**Sundararaman:** We have 13.5% I was actually referring to the EBITDA for the quarter in spinning. I will probably say that actually the average spinning EBITDA for the year would be around 11%. Krishna Kumar please correct me on this or would you like to throw some more light?

**Krishna Kumar:** Both spinning and non-spinning is 11% this year.

**Sundararaman:** If you take between spinning and non-spinning probably out of your Rs.55 Crores around Rs.20 Crores or Rs.18 Crores would have come from non-spinning and around Rs.37 Crores from spinning would that be approximately correct?

- Krishna Kumar:** Correct Sir. The spinning and non-spinning has equal EBITDA this year but the earlier year non-spinning is doing better EBITDA because of this spinning performance both spinning and non-spinning equal EBITDA percentage in last year.
- Kush Gangar:** Sure Sir and major reason for the lower EBITDA in non-spinning would be lower capacity utilizations as we move ahead.
- Sundararaman:** Equal.
- Kush Gangar:** Sure and any reason for the significant fall in other expenses in this quarter Rs.15 Crores versus Rs.20 Crores last year and Rs.25 Crores in last quarter?
- Krishna Kumar:** Actually the other expenses most of the stores and chemical consumption in the non-spinning revenue whenever this non-spinning revenue has reduced sizably the other expense also is reduced. If you take last quarter Rs.150 Crores from topline that time this other non-spinning revenue is more to the extent other expenses are also high.
- Kush Gangar:** Sure, and what is our average inventory holding period the fourth quarter and if you can share rough outlook for the next two years or two quarters for the spinning segment considering the cotton prices are huge around Rs.1 Lakh per candy which is historical, so the margin pressure for spinning should continue for the next two, three quarters?
- Sundararaman:** It is anybody's guess but broadly we hold cotton for about 55 days, average inventory is 55 days. Mills across the country based upon their financial strengths would hold cotton anywhere from 15 days to 75 to 90 days. Now we do have the working capabilities to go higher but this is not the time to do it, so strategically throughout the year we have been holding at these levels of 55 – 60 days, etc. We have got a few little bit of import cotton also on the cards because the challenge that we are seeing right now is in another couple of months it is not only about the price the availability of quality cotton is going to be a challenge. All that is going or to go on till I would say October because the arrivals that come before that would have high moisture content within the country, so from October we are going to see significant volumes of cotton of reasonable quality coming inside and that is the time when the prices of cotton are going to go down drastically. So, in that time the supply-demand situation, the non-cotton factors affecting spinning mills functioning for various reasons, power, state wise challenges, etc. The international market both in terms of demand for finished products out of cotton as well as the challenges that other countries, there are macro challenges will be seen like Sri Lanka going out of the garmenting business in the recent times, Bangladesh suffering from power and floods and all those things, so those things will determine whether the industry is going to be in a steady year or it is going to have a bad year. Typically, when cotton prices go down the industry goes to a very muted period it might you might even call it a bad year, but it is not just the cotton prices it

is going to be other things and like I said earlier we are not too concerned if things become worse still the strategy of being slightly non-commoditized we are not too worried at this point of time.

**Kush Gangar:** Sure, got it. Thank you.

**Moderator:** Thank you. The next question is from the line of Neha Jain an individual Investor. Please go ahead.

**Neha Jain:** Good afternoon Sir. My question is regarding the patent that we were going to receive for the Paw Paw technologies so have we received that yet?

**Sundararaman:** No, we have a product that we call it Rapi soak it is different layers of fabric where the inner layer wicks the liquid at a faster rate at the top surface thereby giving the top surface some amount of quick drying capabilities and that is what we have actually applied for and that is taking a bit of time because all these IPR issues take time, but it is only in due process there is no undue delay.

**Neha Jain:** Do you have any timeline when we will get?

**Sundararaman:** I will have to come back to you miss, typically we look into that in depth if we are trying to go into multiple countries, multiple geographies with that product which is where we need the IPR protection, so while we do have that IPR it is protected as much by the brand strength of quick dry that takes you to the market as by the technology hits us. Honestly I am not able to give you a timeline offhand if you send me an e-mail we can probably come back to you.

**Neha Jain:** Okay, Sir. Thank you for that. My question is regarding the collaboration with HeiQ Materials what kind of collaboration is it, is it like a one-time thing or is it like on royalty basis that has happened?

**Sundararaman:** The HeiQ Chemical partnership it was a onetime project particularly, we do different work with the company but I think what you are referring it to is the anti-viral fabrics that we use in our face mask which we had done for the first time in India, we were the first ISO 18184 certified vendor for that product in India at that point of time. We continue to do that product, we continue to offer it to customers who want it, but as I was explaining earlier in the call with another gentleman, the PPE market is not something where Shiva Texyarn will be there for the long-term just given the lack of differentiation of products in that area. We work with HeiQ but it is predominantly on that particular project.

**Neha Jain:** It is like a onetime thing?

- Sundararaman:** That is correct.
- Neha Jain:** My next question is more on the financial side, so the long-term borrowing has reduced but the short-term borrowings have increased, so have we repaid any of the long-term debt?
- Krishna Kumar:** The normal repayment schedule we are making almost Rs.15 Crores long-term loan of repay. This increase for short-term borrowings mainly because of the current assets also increased due to the cotton price increase even we maintain the same number of days stocks, due to price, we have almost Rs.30 Crores of working capital that has increased that is why the short-term borrowing is higher than the last year.
- Neha Jain:** The working capital cycle has also increased mainly due to the cotton price increase?
- Krishna Kumar:** Working capital cycle means the number of days not increased due to the volume, the value has increased.
- Neha Jain:** That is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Kush Gangar from Care PMS. Please go ahead.
- Kush Gangar:** Sir, you mentioned about Rs.75 Crores worth of investments you might make over the next 18 to 24 months can you share some highlight or details regarding the areas which you are looking at and how the funding would be, are you looking at raising any funds or it would be through internal accruals I do not think we can get probably Rs.75 – Rs. 80 Crores worth of internal accrual so would that be through any fund raising or debt?
- Sundararaman:** The investments would be predominantly at this point of time we are looking at expanding the seamless garments and poly spandex line. There is an investment into expanding the garmenting division because of all the orders we are getting that is not much I would say that it is minor component one of this, we are looking at certain other strategic investments in products related to cold weather clothing but we cannot disclose that at this point of time what we are going to do. Now, coming to the funding aspect, I would say that you are absolutely right, we would not be able to do internal accruals all that though at the rate at which like we were able to do last year we expect over the next 18 months I think anywhere about Rs.30 – Rs.35 Crores of internal accrual cash can be put inside we expect that to be sufficient, but for the remaining we are looking at debt instruments we are not looking at fund raising from the market. Given our size at this point and our current position of growth we think debt would be a better way of raising funds.
- Kush Gangar:** Sure, thank you.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Dr. Sundararaman for closing comments.

**Sundararaman:** Thank you Miss. Friends I thank the entire team of Shiva Texyarn for their hard work and dedication which has been driving our company forward and makes it more resilient to upheavals such as the pandemic. I thank you all for participating in this conference call. Please do get in touch with our Investor Relations team for any further questions if you have, anything at all that you would like us to respond to. I thank our IR team and Mr. Krishna Kumar for participating in this call along with me. Thank you very much.

**Moderator:** Thank you. On behalf of Shiva Texyarn Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.