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# SANWARIA CONSUMER LIMITED

(Formerly known as Sanwaria Agro Oils Limited)



**SANWARIA GROUP**  
Serving society through Industry

CIN - L15143MP1991PLC006395

**SCL/SE/2018-19/REG30**

**February 4, 2019**

<b>Bombay Stock Exchange Ltd.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001. <b>BSE Scrip Code: 519260</b> Through: <a href="http://listing.bseindia.com">http://listing.bseindia.com</a>	<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, 5th Floor Plot No. C/1, G Block Bandra – Kurla Complex (BKC), Bandra (E) Mumbai-400051. <b>NSE Scrip Symbol: SANWARIA</b> Through: <a href="https://www.connect2nse.com/LISTING/">https://www.connect2nse.com/LISTING/</a>
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**Sub: Transcript of Earning Call Conference for Q3-FY 2018-19 Financial Results.**

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, please find attached the transcript of Earning Call Conference organized on 31<sup>st</sup> day of January, 2019 post declaration of Financial Results for quarter ended December 31, 2018 for your information and records.

Thanking you,  
Yours faithfully

By order of the Board,  
**For Sanwaria Consumer Limited**

  
**Company Secretary**  
Encl: As above





“Sanwaria Consumer Limited Q3 FY19 Earnings Conference Call”

**January 31, 2019**



**MANAGEMENT:** **MR. ANIL AGRAWAL – PROMOTER, SANWARIA CONSUMER LIMITED**  
**MR. ANIL KUMAR VISHWAKARMA – CFO, SANWARIA CONSUMER LIMITED**  
**MS. RINKAL PUNJABI - FINANCE MANAGER, SANWARIA CONSUMER LIMITED**  
**MS. KOMAL MADHYANI - COMPANY SECRETARY, SANWARIA CONSUMER LIMITED**  
**MR. RAJUL AGARWAL –MARKETING CONSULTANT, SANWARIA CONSUMER LIMITED**

**MODERATOR:** **MR. SONAL KUMAR SHRIVASTAVA – KIRIN ADVISORS**

**Moderator:** Ladies and gentlemen good day and welcome to the Sanwaria Consumer Limited Q3 FY19 Earnings Conference Call hosted by Kirin Advisors. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during 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 Mr. Sonal Kumar Shrivastava from Kirin Advisors. Thank you and over to you sir.

**Sonal Kumar Shrivastava:** Thank you Lizan. Good afternoon everybody. I welcome you all to the conference call of Sanwaria Consumer for Q3 FY19 results organized by Kirin Advisors. Today on the call we have Mr. Anil Agrawal, what is the mentor and from the promoter family, Mr. Anil Kumar Vishwakarma, who is the CFO, Ms. Rinkal Punjabi - Finance Manager, Ms. Komal Madhyani, who is the Company Secretary and Mr. Rajul Agarwal - Marketing Consultant.

The structure of the call will be like Ms. Komal will take you through the performance of the company for this latest quarter and the nine months and then subsequently we will open the floor for question and answers. I will now hand over the call to Ms. Komal. Komal please you can address the gathering.

**Anil Agrawal:** Komal will start with the introduction and then Rinkal will give the performance highlight.

**Komal Madhyani:** Good evening everyone. Hi all, I CS, Komal welcome you all to our earning call for the third quarter of financial year 18-19. Sanwaria Consumer has predominantly achieved the business of edible oil and other staple food products like Soya, Rice, Pulses, Wheat. The company currently operates in the heartland of Soya, Paddy wheat belt of India. We are also focusing on product makeshift, value addition, brand promotion, direct retail. Our company has added new products in its product basket such as mustard oil, sunflower oil, brown sugar etc. taking the overall products to 35 which will gradually increase to 50 and more in coming years.

Heading towards retail we are fortifying into direct retail by opening retail outlets under the brand name Sanwaria Consumer Shoppy. We had already opened 52 stores at different locations in Madhya Pradesh and Maharashtra and proposing to open 100 such stores in MP and Maharashtra and subsequently planning to cover other parts of India.

Our company has also entered into e-commerce business by selling its products through its e-commerce website and is focusing on adding more products on website to get brand visibility and customers retention. The company is planning to reach cross borders and sell its product internationally as the company has also cleared last entrance for US exports and has obtained registration under standard operating procedures for exports to USA. Thank you I would now hand it to Ms. Rinkal for briefing financial performance highlight.

**Rinkal Punjabi:** Thank you Komal. Hi all I CA Rinkal Punjabi. on behalf of Sanwaria Consumer Limited, would like to highlight about the performance of the Quarter 3 covered by us. We have the revenue growth of 2.2% amounting to Rs. 1301.38 crores for Quarter 3 ending 31<sup>st</sup> December, 2018 as compared to the previous year same quarter we have Rs. 1273.49 crores.

Coming to EBIDTA growth we have 42.3% growth amounting Rs. 76.22 crores as compared to the same period previous year. we have Rs. 53.55 crores. EBITDA margin has significantly improved by 165 basis points that is 5.9% during this quarter as compared to the previous that was 4.2%. Company has its increase in profit before tax that is 64.3% increment amounting Rs. 52.84 crores compared to same period previous year that was Rs. 25.08 crores.

Coming up next to net profit; we had increment of 70.6% that is amounting Rs. 42.80 crore. as compared to the same period previous year that was 25.08 crores.

Talking about the company's EPS, we have Rs.0.58 per share this quarter compared to previous that was Rs.0.34 per share. That's all about the performance highlight. Now I would like to hand over to Sonal sir.

**Sonal Kumar Shrivastava:** Lizan we can open the floor for question and answers now.

**Moderator:** Thank you. Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of Ganesh Sathyanathan, an individual investor. Please go ahead.

**Ganesh Sathyanathan:** What is the sustainable margin profile that you're targeting going forward?

**Anil Agrawal:** Right now around 6% of EBITDA we have achieved in this quarter and our target is having double-digit EBITDA in next two years.

**Moderator:** The next question is from the line of Vikas Deepak from Oracle. Please go ahead.

**Vikas Deepak:** First of all I want to know about the QIP, so last time when we had the conference call, you have told that obviously the price is not up to the mark, we cannot have more number of shares given in this QIP. So, now are you having a plan to drop the QIP and then since the price is not moving will the promoter buy from the market and raise the money through other modes?

**Anil Agrawal:** We are exploring all options and the money which will be raised, the resolution which we have passed for US\$100 million, will not be raised in one stage. It will be raised in some 2-3 stages, so people have some confusion that it will be raised in only one stage. We have added share warrant route also, the resolution which we are going to pass on 20<sup>th</sup> Feb. We are exploring and meeting with the investors for the same and the interest is clearly there in the company like us which is a growing FMCG company.

**Vikas Deepak:** My concern is that since the price is not very affordable for QIP then why don't we as of now cancel the QIP and then once the price will come up then we can again start the QIP.

Meanwhile then our promoter can also buy from the market which will give less liquidity and give a chance to all the internal investors and individual investors.

**Anil Agrawal:** The QIP document has not been filed. It is only enabling resolution, so there is no question of cancellation.

**Vikas Deepak:** So why the promoter is not buying from the market since the price is very safe if you compare with the share value which is around 20-24. Now current CMP is Rs. 10, so why the promoter is not buying from market?

**Anil Agrawal:** Why promoter is not buying is very subjective question and when promoter thinks it they will buy. But the issue is that if the promoter thinks so then the money will go to the public and will not come in the company.

**Vikas Deepak:** That's true but the point is that there is too much of liquidity. Did the promoter have sold few stakes like 3% or 7% around stake in the last one-year, so there is lot of liquidity. So, now my question is that how do you solve that issue?

**Anil Agrawal:** When the Sanwaria came first time in the issue in 1993 of Rs. 4 crores, always the money has been put by promoter. It is only after 25 years that Sanwaria is proposing to raise the money and that Rs. 4 crores has become Rs. 700 crores right now.

**Vikas Deepak:** But don't you think that there is too much of liquidity in the market now that's why the price is not moving even though it's very far from the share value.

**Anil Agrawal:** We're more concerned with our business and giving the good results and then certainly we are trying to get some institutional investor because right now only retail investors are there, so that's why more liquidity you are seeing.

**Vikas Deepak:** Regarding the institutional investor last time also you told us that you are trying to get some institutional investors or the hedge fund or some long-term investors, have you progressed something in that because it has been three months since then. Are you talking with any institutional investors, anyone showed interest, what is your take on that?

**Anil Agrawal:** It will be disclosed with the suitable time. Right now the process is already going on and we are expecting very shortly the due diligence will be started.

**Vikas Deepak:** Coming to the business part, so last time you told that US FDA is already in focus. So, want to know the status US export part as well as you also told that there are some negotiations going on with China counterparts, so want to know is there any progress on that part like overseas exports?

- Anil Agrawal:** After getting US FDA, 3-4 months after we got this quarantine issue cleared. So, now we can export the USA and the processes going on. We are moving for a tie-up, after tie-up our export to US will start.
- Vikas Deepak:** When are you expecting to start it like after tie-up how many months you are expecting to start? Like this month or next month or next quarter.
- Anil Agrawal:** It will start within this financial year.
- Vikas Deepak:** And about the China export?
- Anil Agrawal:** No orders from China, only the processes going on.
- Vikas Deepak:** How long will you take to complete the process?
- Anil Agrawal:** It is not a question of completing by me. It is a process being run by the Chinese company in concerns with China government.
- Vikas Deepak:** I have seen the revenue is not growing as expected where some of the FMCG company at this stage growth in terms of revenue. now is it because that even after opening new stores your revenue is not picking up or is it like because your focus is on on profitability less on revenue?
- Anil Agrawal:** The issue is that our revenue is already in the bulk sale, major of our revenue from bulk sale which we are converting into retail. So that conversion is going on at a very fast pace that's why we are getting quarter-on-quarter this EBITDA expansion, so we are getting more and more retail sales like 20% of our sales in this quarter are retail sales. In terms of the overall turnover is not we are getting increase but we are converting our bulk sale into retail.
- Vikas Deepak:** That's why the margin is increasing.
- Anil Agrawal:** Yes.
- Moderator:** The next question is from the line of Santosh Lalwani from Arya. Please go ahead.
- Santosh Lalwani:** We are in the process of QIP and just for my understanding in addition—we are doing this ADR, GDR and share warrant, right?
- Anil Agrawal:** Yes.
- Santosh Lalwani:** So, what is our target like how much finance do we need for the growth? Because QIP was targeted for 500 and now in addition to that we are trying to target 100 million, what it is like?

- Anil Agrawal:** It is not always the QIP; we have not told that it will be raised through QIP. It is an enabling resolution for completing our fund requirement for next 2-3 years.
- Santosh Lalwani:** So basically this is one more door that we are trying to open to invite the finance, is it?
- Anil Agrawal:** I could not understand your question.
- Santosh Lalwani:** I have understood this. Now my second question is, our financial cost is increasing quarter-to-quarter if you compare like year-on-year and quarter-to-quarter our financial cost is increasing. Are we trying to work on it to reduce it and become a debt-free company near future?
- Anil Agrawal:** We are trying to reduce our debt and in fact we have reduced our debt. But the cost of borrowing has been increased if you compare with the last year; this year cost of borrowing has been increased.
- Santosh Lalwani:** So that's what I'm trying to understand, are we targeting to make our company debt-free in near future like in one year, two years is there any deadline to do that?
- Anil Agrawal:** No, there is no dead line. We have started reducing and as we are earning every quarter a good amount of profit, so we are ploughing back that profit also so the debts will be reduced if you compare in the percentage terms. In the absolute term as the business is increasing so the fund requirement will be increasing but in percentage terms it will be decreased.
- Santosh Lalwani:** So what parameters we should take for this percentage? Like if you are saying the debts have reduced from last year to this year how do we put the parameter, what percentage are you calculating now, are you calculating on revenue basis or how do we calculate it?
- Anil Agrawal:** For example- we are using Rs. 800 to 900 crores for this 5000 crores of turnover. So if our turnover is increased then proportionately in absolute term the borrowing will be increased. But in percentage term it will be decreased.
- Santosh Lalwani:** In terms of percentage how?
- Anil Agrawal:** The turnover.
- Santosh Lalwani:** Percentage of the turnover?
- Anil Agrawal:** Percentage with the turnover.
- Santosh Lalwani:** So we don't have any vision to make it zero, we will continue for next 2-3 years, is it?
- Anil Agrawal:** In next 2-3 years how is it possible to make it zero?

- Santosh Lalwani:** Not for 2 years, but next 10 years or maybe like 15 years are we planning to make it zero or will we continue in this way?
- Anil Agrawal:** As a company if you talk of the long-term loan we are a zero debt company. The long-term loan which reflects from our statement are only the unsecured loan given by the promoter. There is no long-term loan. It is there in the company since the inception in 1993.
- Moderator:** The next question is from the line of Ilaya Bharathi from Yoha Securities Limited. Please go ahead.
- Ilaya Bharathi:** Yesterday there was clarification from the NSE stock exchange that the results have not been signed by the authorized signatories, so can you just throw some light on that because I find there is lot of corporate governance issue that small-small mistakes company is making?
- Anil Agrawal:** No such mistake has been noted. There is no such communication has been received.
- Ilaya Bharathi:** It's on NSE.
- Anil Agrawal:** These results were duly signed by the CFO and duly signed by the auditor.
- Ilaya Bharathi:** Somehow or the other there are superb results in the financials but the share price is down. Last time also you told something will be done; this time also the same thing is happening. So how will you bring in confidence? I'm able to buy your product, I see your visibility, company, corporate governance, everything. But share is down for a small investor or a big investor, how are you going to bring in confidence?
- Anil Agrawal:** The only option we have to introduce ourselves to the big institutional investor adding the institutional investors into the company and that we are doing.
- Ilaya Bharathi:** Why can't the promoter give some 5 paise or 10 paise dividend and probably show that there is some profits there. Automatically the stock can actually recognize that real money is being shared with investors.
- Anil Agrawal:** Your suggestion is taken for the dividend and this year you will see that the dividend will be there.
- Ilaya Bharathi:** This financial year we can expect a dividend?
- Anil Agrawal:** Yes, it will be very much there.
- Ilaya Bharathi:** What is the debt of the company today and who do you borrow this debt from?
- Anil Agrawal:** It is all public sector banks and the debt is around 850 crores, all working capital loan.



- Ilaya Bharathi:** The company is more based out of Madhya Pradesh but it's being compared with Nestle kind of all the companies. But don't you think this family-run business should try to bring in professionals to create corporate, to get better valuation?
- Anil Agrawal:** We are bringing more and more professional people; even we have brought two professional directors also on the board. One lady director and two male directors we have brought on the board independent and professional directors. And even in the coming time we will fully professionalize the board. All the family members will withdraw and only professionals will run on the line.
- Ilaya Bharathi:** We would like that happen soon. But is there any company or any corporate which are against Sanwaria share price going up or something because last time...?
- Anil Agrawal:** There are so many companies competing with us. I cannot take the name here. But there are so many business rivalries, so many things are there. I cannot counter such talks.
- Ilaya Bharathi:** The other question is only the dividend and is there any possibility you can share the top 10 shareholders, recent till December?
- Anil Agrawal:** There is nothing like top-10. It is 70,000 shareholders.
- Moderator:** The next question is from the line of Mahesh Desai, an individual investor. Please go ahead.
- Mahesh Desai:** My first question is in last November the board approved for 100 crores to be raised was it successful?
- Anil Agrawal:** You are talking of the promoter introducing 100 crores at Rs. 35?
- Mahesh Desai:** No, other than promoter there was also a plan to raise for Rs. 100 crores through QIP or other sources, was it successful?
- Anil Agrawal:** That enabling resolution was for the 100 million USD and that resolution has been again passed with additional issues such as share warrants etc. It is an enabling resolution and the processes going on.
- Mahesh Desai:** About the stores, the question is real estate of the stores that the company owns or it's leased?
- Anil Agrawal:** Its rented.
- Mahesh Desai:** And what is the term of lease, is it 10-20-30 years lease?
- Anil Agrawal:** No, it is an agreement for 3 years.

- Moderator:** The next question is from the line of Kranthi Bathni from WealthMills Securities. Please go ahead.
- Kranthi Bathni:** Can you just give highlights, your revenue you said you launched the e-commerce business, what is the breakup of revenue that's contributing from e-commerce division?
- Anil Agrawal:** E-commerce has been just started. It is at a very nascent stage and it is not our focus area. Our focus area is stores and more and more retail sales.
- Kranthi Bathni:** How many stores that you planned for this year?
- Anil Agrawal:** This year we supposed to open of around 75 stores and 100 stores in the first quarter of next financial year.
- Kranthi Bathni:** How much the revenue you are expecting? Is this going to be incremental revenue from the stores?
- Anil Agrawal:** For store we have done around 100 crores of sales, this year. So the store sale is quite satisfactory.
- Kranthi Bathni:** And the store outlets are focusing mainly, exclusively the Sanwaria brands or they are having some other brands also?
- Anil Agrawal:** Our stores are mainly exclusively catering to our brand only and our main brand is Sanwaria.
- Kranthi Bathni:** What is the margin from the stores if you can give the breakup?
- Anil Agrawal:** Margin per store we have not yet calculated. But I can say that we are earning around 10% to 15% margin.
- Kranthi Bathni:** You have applied for FDA registration?
- Anil Agrawal:** No, we have already got FDA. We have also got the quarantine approval.
- Kranthi Bathni:** FDA registration is simple process that can be done easily but the product approval is important to launch in US, so what is the product timeline you are looking and what are the products going to export to US markets?
- Anil Agrawal:** We will export only Basmati Rice to US.
- Kranthi Bathni:** How much of turnover you are expecting?

- Anil Agrawal:** Right now we have not estimated. It is very initial stage. We are yet to start the export. It can be scalable because we are selling right now to the people who are exporting to USA and the turnover is big to them.
- Kranthi Bathni:** It's a high margin.
- Anil Agrawal:** Yes it can be scalable.
- Kranthi Bathni:** But the complex issue is getting the US FDA licensed. Now you have got the registration, okay that's good. But going ahead US FDA approval is needed, so what is the timeline you're looking?
- Anil Agrawal:** We are waiting for the tie up and all this responsibility is on the person who is going to tie up, a person will be from the USA.
- Kranthi Bathni:** Can we expect by this year?
- Anil Agrawal:** Yes. In this financial year we will start export.
- Kranthi Bathni:** One of the buzzing news about particular Sanwaria that one of your procure is Patanjali, is the tie-up is still there, what percentage of revenues are coming from Patanjali?
- Anil Agrawal:** We are doing only for Soya Bari right now and not at very big quantity. But we are in process of having this agreement for the Rice and for Atta and oil like Rice Bran and Soya.
- Kranthi Bathni:** What is the percentage of revenue contribution that's coming from Patanjali?
- Anil Agrawal:** Not very significant. Its only for Soya Bari, and Soya Bari is very small part of our turnover.
- Kranthi Bathni:** You mentioned that you have arranged extraordinary general meeting in Feb and 100 million USD that works out to around 700 crores. Now how are you going to use these proceeds even though if you are launching in tranches also, how will you use the proceeds?
- Anil Agrawal:** Primarily to be used in the CAPEX. We have around 500 crores of the fund requirement, 250 crores for the working capital and 250 crores for the CAPEX for next two years.
- Kranthi Bathni:** It is more of increasing the capacity?
- Anil Agrawal:** Increasing the capacity as well as putting up the new product capacities like maize capacity.
- Kranthi Bathni:** What you can do is you can increase more investor friendly initiatives like giving dividend and being transparent. That will attract more investors. One thing is that everyone has pointed is corporate governance issues but if you can timely address these issues, there will not be any rumors in the market.

- Anil Agrawal:** Yes very much aware of all this and we will keep on improving. There were some mistakes made in the past but we keep going on improving and you will find that no such past mistakes will be repeated in the future.
- Moderator:** The next question is from the line of Subendu Manna from Rover Equity Solutions. Please go ahead.
- Subendu Manna:** I have a question on the margin of the product. We have many products, so which all products are having higher margins? If you can give some 1 or 2 names and percentage of revenue contribution by them.
- Anil Agrawal:** Main contribution we are getting from the Rice portion and the other major contributors is Wheat flour and Rice bran oil and Soya oil thirdly.
- Subendu Manna:** These products having high margins relative to other products?
- Anil Agrawal:** Yes these products having high margins. If you sell in retail, retail has got more margins.
- Subendu Manna:** Revenue contribution by them approximately how much it should be?
- Anil Agrawal:** Revenue contribution and profit contribution, both contributions I have given you. At first number the Basmati Rice is there, at second as stated earlier wheat flour and so on.
- Subendu Manna:** If you can quantify any number, 20%, 10% of the total revenue.
- Anil Agrawal:** We always calculate in terms of totality, so in total this quarter we got 6% EBITDA and we are targeting for double-digit EBITDA. And in bulk sale we are getting less than 5% wherein in retail sale we are getting more than 15%.
- Subendu Manna:** Many other companies, FMCG companies, they are selling through other retail online like Flipkart, Amazon, so do we have any presence there?
- Anil Agrawal:** No, we want to go there but there is very less profit there because they squeeze all the things. So we are promoting our store and our online products. We are getting better margins there but for self presence we are willing to go that those sites and we are preparing for going to those sites. We are in talk with them.
- Subendu Manna:** Our own initiative, we have already started selling products there?
- Anil Agrawal:** No, we started the process. So many documents they require from us and also we have changed the name of the company from Sanwaria Agro to Sanwaria Consumer for this purpose, they require so many documents, so many certificates having a new name, so this process is going on from last six months.

- Moderator:** The next question is from the line of Ashiq Hussain, an individual investor. Please go ahead.
- Ashiq Hussain:** My name is Ashiq Hussain, I am investing in Sanwaria from 2016. I have seen up and down in Sanwaria but I have question when in December 31<sup>st</sup> or January 2 or 3 what was the reason your shares fell down from 34 and from that time I have seen it continues. The company is giving very good margins, profits and all. Instead of going up it is coming down. I have highly invested in Sanwaria, it's my first concern in it. And whenever I've seen they come with some data and after a month or 20 days they say, sorry, there was some mistake. That things make people untrusting on the company because when somebody submit a report which is unaudited or audited but the accountancy of your company have some discrepancy which makes people unsecure to invest in your company. Last time before 3-4 days the company showed 35 crores of profit instead of going up its still down again. There is something in between the people, the investors. You are saying 70,000 or 50,000 whatever investors have invested in the company; they are not like trusted on Sanwaria anymore which I heard which I feel also. Can you please share something on it because you are the main shareholder? Maybe I am 0.1 or 0.2 or 1% of the company shareholder, I need to know what is the reason for the falling of the shares. The prices from 34 to 8.50 or today 9.60.
- Anil Agrawal:** I can say only to you that if you study the history of the company the company is 25-year-old company, started in 1993. If you look to the history of the company started with a 4 crores of public issue that 4 crores is now 700 crores at the 52 week low price which you are talking. The other thing you are talking of is the price moving from Rs. 7 to 35 and then coming down, so it is always decided by the market forces. The company is doing good. Giving good results is in our hand but I can say that this has all happened because of the mid-cap and the small-cap issue started with the change in some definition of the mutual fund. Some mid-cap and small-cap has been bartered.
- Ashiq Hussain:** For example when you started your company you have 4 crores shares. Now you have 700 crores shares....
- Anil Agrawal:** Rs. 4 crores issue capital and not shares.
- Ashiq Hussain:** I remember I got a bonus of 500,000 shares and it was 14.8, it came to 7. I got 500,000 shares that time. But what does it make sense to increase the quantity of the shares?
- Anil Agrawal:** Bonus is always given in the light of increasing the wealth of shareholders if you see visibility in the earning going to increase we will share the bonus. But it is not in our hands to maintain the market price. It is decided by the market forces
- Ashiq Hussain:** You give the bonus that is good thing but you should have kept that scenario in the mind if it is the bonus so it goes up or it goes down after the bonus that doesn't make any sense.
- Anil Agrawal:** But after bonus it gone till 34-35.

- Ashiq Hussain:** There might be some reason.
- Anil Agrawal:** Only thing which I am able to visualize is the bartering of mid-cap and small-cap. Not only ours all the mid-cap and small-cap have been bartered very badly.
- Ashiq Hussain:** And recently after this new resolution in the end of year you had published that you are looking for \$100 million of investment?
- Anil Agrawal:** No this is an enabling resolution, in the next 2-3 years we will require fund requirement of such magnitude which will be raised in the stages.
- Ashiq Hussain:** You are looking from the bank for investment taking the credits or some investors?
- Anil Agrawal:** We are looking for equity investment from the institutions.
- Ashiq Hussain:** Because if I compare your margins it's coming almost \$20-\$30 million per year so it doesn't make any sense if you're taking any credit from the bank.
- Anil Agrawal:** We are not looking for the bank finance.
- Ashiq Hussain:** I hope for the best.
- Anil Agrawal:** It is going to be a good thing because so many companies are interested, so many institutions are interested. There is a big appetite for the growing FMCG company like us. We are seeing bright line here and we are hopeful for getting the big investor on the board very soon.
- Ashiq Hussain:** I was speaking with your secretary long back. I think he has resigned at that time. I want to come and look for your facilities and we are free investors, we have highly invested we can say in millions of share in Sanwaria. Is it possible if they come and have a look on your assets and all around?
- Anil Agrawal:** Yes you can contact our PR and IR agency Kirin Advisors in Mumbai and they are arranging the investor and analyst, journalist visits always.
- Moderator:** The next question is from the line of Ganesh Sathyanathan, an individual investor. Please go ahead.
- Ganesh Sathyanathan:** You said the bulk of your sales are coming from the wholesale. Can I get some breakup on what institution you supply to? And secondly regarding the exports you're planning today export to the US that will possibly increase the working capital requirement as well, so what plans do you have to bring down working capital going forward since you have to extend credit cycles to exports?
- Anil Agrawal:** I could not understand your question.

- Ganesh Sathyanathan:** First thing on the bulk sales, could you provide breakup of what type of customers do you sale on bulk, the wholesale customers?
- Anil Agrawal:** Bulk sale we do sell to other brand owners, the intermediate users. We do bulk sale to these people, to wholesalers also.
- Moderator:** The next question is from the line of Mahesh Desai, an Individual Investor. Please go ahead.
- Mahesh Desai:** Is there pledged share increase in this quarter or is it the same?
- Anil Agrawal:** It is the same this year has been pledged only to SBI for the working capital loans, and it is at the same level.
- Mahesh Desai:** So even the stock price went down. You didn't have to pledge more shares?
- Anil Agrawal:** No, it is not like that. It is not loan against share, it is an additional collateral.
- Moderator:** The next question is from the line of Santosh Lalwani from Arya. Please go ahead.
- Santosh Lalwani:** Anilji, is it possible to give address of all your franchisee on your site so that we know that the where it is and it will be helping us because I was planning to go to Indore, and I wanted to visit the Sanwaria Store. So, for that, what I did, I took the help of your Facebook. Instead of that if it will be on your website that it is our franchise then it will they will help us no?
- Anil Agrawal:** We are putting up on our site, as we are ready with the list.
- Santosh Lalwani:** And if picture will be there then also it will help us.
- Anil Agrawal:** Your suggestion has been given on the Facebook also and we have well taken this suggestion.
- Moderator:** The next question is from the line of from Ilaya Bharathi from Yoha Securities Limited. Please go ahead.
- Ilaya Bharathi:** Please consider going for ADR because I think a lot of companies who have gone for GDR, have failed miserably. So, we really want to see Sanwaria succeed in a big way, so just go for an ADR.
- Anil Agrawal:** Your suggestion we have noted, it is a good suggestion and while we are going to USA for a more and more exports certainly, we will consider the ADR.
- Ilaya Bharathi:** When the brand like Sanwaria grows, so how would you differentiate the product of Sanwaria from so many others because on cost wise also, it's cheaper, quantity remains same, but what do you think is going to help consumers by Sanwaria?

- Anil Agrawal:** Two things are there that quality is better, if you compare like Aashirwad Atta with our Atta, our Atta is better and very competitively priced. So the quality is the other thing that we are concentrating then price and also that's in our stores we have availability of products all the time.
- Ilaya Bharathi:** And the other suggestion is try to keep your meetings somewhere in the afternoon sir because 9 o'clock reaching this thing should be a tough thing for everyone.
- Anil Agrawal:** Yes, we have noted your suggestion.
- Moderator:** The next question is from the line of Vikas Deepak from Oracle. Please go ahead.
- Vikas Deepak:** Last time when you had the call, you have talked about the marketing thing, like how you want to put more marketing into the consumer product, both in online and off-line. Is there any progress on that? Can you give me that what we have progressed, since the last quarter?
- Anil Agrawal:** You are talking about online e-commerce store?
- Vikas Deepak:** Not exactly, but both marketing for the online e-commerce as well as the off-line stores. How we are planning to market those?
- Rajul Agarwal:** What we have done, I think we have spoken around six months back, that in the last six months we have expanded our retail network significantly in Maharashtra, with the old traditional network, which is through the Wholesaler and Retailer. We have also expanded our range of products in the Rice division. Earlier we were only selling Raw Rice and Sella rice. Now we have also started manufacturing Steam rice, which is a significant contributor to our revenue now. That's the part we have done as far as our old traditional way of marketing is concerned. As far as our Retail Stores are concerned, we are increasing the number of stores; our marketing team for that segment is completely separate. We have a team of four people who looks after the supply chain. Now what we are focusing on is to consolidate on that position and then expand aggressively into Maharashtra and Gujarat from where we are getting a lot of queries and enquiries. So that is where we are heading. As far as online sales is concerned, our products are already available on our sites, and we are also talking to other people in the segment to place our product.
- Vikas Deepak:** We have yet to put our first Sanwaria Shop into the Gujarat and Maharashtra, you haven't placed yet right?
- Rajul Agarwal:** No, Maharashtra we have already opened our stores.
- Vikas Deepak:** How many we have, stores in Maharashtra?
- Rajul Agarwal:** In Maharashtra, we have two stores operational in the Vidarbha region. Now we are targeting Bombay.



- Vikas Deepak:** What are the statistics, how much revenue we are getting individually from the different stores?
- Rajul Agarwal:** I don't have a breakup right now.
- Vikas Deepak:** Just an overview idea, how is the viability just wanted to understand? That how fast it is growing, compared to the other stores.
- Anil Agrawal:** Maximum turnover we have got in the store is Rs. 1Lakh per day.
- Vikas Deepak:** And an average scale? What is the maximum, 1 lakh per month/day?
- Anil Agrawal:** Average is less; the maximum we have got is 1 Lakh.
- Vikas Deepak:** 1 Lakh is per day, not per month.
- Anil Agrawal:** It is per day.
- Vikas Deepak:** Basically, I work for a start-up, which is a Bangalore-based. I can give you the statistics that they have grown from 38.6 from last one year that I joined and they are doing marketing through the Facebook like giving Facebook ads targeted to the audience and it is an e-commerce company, which is mainly focused on the, it is a retailers like it is a business to the retailers. So, target to the tire 6, tire 5 or tier 3 city and they are only reaching to the good people, not by an off-line ad only through the Facebook ad and sometimes through Google ad. Do you have any plans to do this like targeted ads through the Facebook?
- Rajul Agarwal:** We have done targeted ad through Facebook in MP. Wherein we have targeted certain areas and we have done through it previously. And we have received good response through those ads.
- Vikas Deepak:** My suggestion is since you have now e-commerce, you have the reachability almost throughout the India, everywhere New Delhi, I got product in Calcutta also. So, my suggestion is you can at least for the e-commerce part, you can do an all over India campaign kind of thing, at least by city by city, linked by Facebook or Google ads. I think Facebook is the most convenient one because the company can afford this and will see a significant growth in the revenue.
- Rajul Agarwal:** We will certainly look to do that once our products are available all over India because right now our products are not available all over India.
- Anil Agrawal:** We have sold goods in total 18 states of India.

- Vikas Deepak:** That is the same thing; you have e-commerce to reach all over India. Now we have that channel to reach to India. You can market the e-commerce itself to become a very big one, the e-commerce can be a significant portion of your business. That's why doing the Facebook ad.
- Rajul Agarwal:** We will look to do that.
- Vikas Deepak:** I want to just understand that how fast you want to go to that? I didn't see any significant progress in the last three months in terms of marketing, you'll like tie-up with our Patanjali stay on and tie-up with the other companies like Flipkart and Amazon is also not done. So, I want to understand that how fast you can grow in this Facebook thing, putting an ad is not more than one-hour task. So how fast you want to do that, what is your motivation for going for the Facebook?
- Rajul Agarwal:** It's not only about Facebook. It's about complete marketing strategy. What we are doing is, what we sale is good for our product. What we need to do is create an identity for our product. And if we are getting an identity through other means, then we don't need to, only look at Facebook or other social platforms to market our product.
- Vikas Deepak:** But will you get that identity, I'm saying that you can use this platform to get that identity. It will be easier for you to achieve that faster like people will get to know about the product they will at least try over for the first time.
- Management:** We can discuss this off-line also because we are discussing more about the performance of the company. This strategy that you want to discuss, it can be taken on personal basis with the Anil Agrawal subsequently.
- Anil Agrawal:** We always welcome. They can send us; they can mail us, right on our Facebook page. Any suggestions are always welcome.
- Vikas Deepak:** I want to have this contact point, if I have some suggestions should I email you?
- Anil Agrawal:** Yes. That will be more than welcome.
- Moderator:** Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Sonal Kumar Shrivastava for his closing comments.
- Sonal Kumar Shrivastava:** I thank you all for attending this call and if you have any further queries, you can always either reach to us or the Management. You have the contact details with you. Thank you very much.
- Moderator:** Ladies and gentlemen on behalf of Kirin Advisors that concludes today's conference. Thank you for joining us and you may now disconnect your lines. Thank you.