REF: HSL/SEC/2024/81

November 22, 2024

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

Dear Sir/ Madam,

Sub: Transcript of Earnings Call for Analysts and Investors.

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

Pursuant to Part A of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of transcript of Earnings Call for Analysts and Investors held on Monday, November 18, 2024.

Please note that the transcript of earnings conference call shall 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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Date: 2024.11.22
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Company Secretary & Compliance Officer
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"Himatsingka Seide Limited
Q2 FY '25 Earnings Conference Call"
November 18, 2024

MANAGEMENT: **MR. SHRIKANT HIMATSINGKA – EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR – HIMATSINGKA SEIDE LIMITED**
MR. SANKARANARAYANAN M. – PRESIDENT (FINANCE) AND GROUP CHIEF FINANCIAL OFFICER – HIMATSINGKA SEIDE LIMITED
MRS. SHILPA SHANBHAG – VICE PRESIDENT, STRATEGIC FINANCE – HIMATSINGKA SEIDE LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to the Himatsingka Seide Limited Q2 FY '25 Earnings Conference Call, hosted by Elara Securities Private Limited. As a reminder, all participants' 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 star then zero on your touch-tone 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, ma'am.

Prerna Jhunjhunwala: Thank you, Neha. Good afternoon, everyone. On behalf of Elara Securities India Private Limited, I would like to welcome you all for Q2 FY '25 Post Results Conference Call of -Himatsingka Seide Limited. Today, we have with us the senior management of the company, including Mr. Shrikant Himatsingka:, Executive Chairman and Managing Director; Mr. Sankaranarayanan M., President, Finance and Group CFO; and Ms. Shilpa Shanbhag, VP, Strategic Finance.

I would now like to hand over the call to Mr. Shrikant Himatsingka for opening remarks. Thank you, and over to you, sir.

Shrikant Himatsingka: Thank you very much, Prerna. Good afternoon, everybody. Thank you, as always, for taking the time to join us for this conference call today. I'll take you through a quick business update, followed by Q&A as we always do.

The Q2 FY '25 operating performance was -- saw total income correct by about 6.4%, as we are in the process of recalibrating our brand portfolio. We are reassessing our portfolio in order to balance its value proposition vis-a-vis revenue and costs. And as a result of these initiatives, our capacity utilization in our sheeting division, corrected marginally because of which we saw the reduction in total income for the quarter.

This is in line with our expectations as we recalibrate our portfolio to see some movements on that front. But we are working to make sure that the same is also corrected with the addition of new clients and markets, as we've discussed with investors.

During the quarter, our utilization levels at our manufacturing facilities stood at 99% in Spinning division, 61% in Sheeting and 67% in Terry Towel divisions as you have seen. We continue to see a stable demand environment at this point. And our recalibration initiatives are likely to impact us for another 4 to 6 months is what we estimate at this point.

We're trying to conclude it at the earliest. We continue to make progress with our India businesses during the quarter. Our revenues from India have seen significant improvements during the first half of this fiscal versus the first half of the last fiscal.

We remain optimistic on our prospects of growth in the Indian market and our medium-term targets and outlook in terms of where we need to be at vis-a-vis the Indian market remains intact. We have shared with investors earlier that we are looking to grow India to approximately INR1,000 crores market over a 5-year period, and we continue to feel optimistic about the market.

In addition, we are pleased to inform investors that during the quarter, we've completed successfully QIP offering. The same was a INR400 crores issue, which we successfully closed and have got some marquee investors on board. As communicated to investors earlier, a substantial portion of the proceeds of the QIP will be used to repay term debt of the company, which will bring down our net debt by a substantial amount. In addition, to the QIP, we are also focused on some internal initiatives to further deliver the balance sheet as that remains an area of priority for the group.

Our net debt at the end of the quarter ended September 30th, was range bound and stood at INR2,679 crores versus INR2,671 crores at the end of June. There's not been any change on the debt front because the QIP was an event that occurred after the date of September 30th, but we will deliver substantially using the proceeds of the QIP during the third quarter of this fiscal.

With this, I conclude our updates, and I'll be happy to take any questions and queries that you might have. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Chandan Mishra from Finvestors.

Chandan Mishra: Sir, my first question is, sir, you have given guidance for more than 90% capacity utilization in next 14 to 18 months during last con-call. As you have already covered, sir, we have still reduced capacity utilization in Sheeting division due to recalibration initiative. Do we have any revised, sir? Or the guidance will be remained same?

Shrikant Himatsingka: Chandan ji, I have not given any guidance to investors vis-a-vis specific levels of utilization. But directionally, what you're saying is what we endeavour to achieve because we have been working on making sure that our capacity utilization levels sort of go back up. We have taken some knocks on the revenue front over the last couple of years because of which our utilization levels have been subdued and the same is being worked on.

And as I said earlier, we are in the fag end of completing our recalibration initiatives vis-a-vis our brands and our brand portfolios rather. And it's something that's having an impact on revenue streams. But the value proposition of their exit will be not affecting us negatively as such.

We, in fact, feel that it should have a positive impact going forward because the correlation between revenue and costs emanating from some of our brands in our portfolio need to be recalibrated. So we remain optimistic about enhancing our utilization levels, albeit having some short-term impacts. But directionally, we feel optimistic and positive about taking our utilization levels up.

Chandan Mishra: So sir, due to this capacity reduction in Sheeting division for next 4 to 6 months, do we have some subdued revenue for next quarter?

Shrikant Himatsingka: I think it will be range bound is what I estimate, Chandan ji. But again, directionally, we should see the uptick going forward. Our major capex cycle is behind us. And our 2 areas of focus now is delivering our balance sheet and enhancing our utilization levels, and those will be our only two primary areas of focus. So there could be some short-term range bound movements. But other than that, we see a fair amount of, let's say, clarity in taking our utilization levels up both in our Terry and in our Sheeting divisions.

Chandan Mishra: Sir, my next question is regarding -- if you give some insight about the bifurcation of revenue from India and abroad?

Shrikant Himatsingka: Chandan ji, unfortunately, we do not share specific breakups of revenues emanating from jurisdictions at this point because there are several jurisdictions, and they will be -- that will complicate our revenue reporting. So we report consolidated revenue streams. But I can say that India started off with a very low base during fiscal '24.

And we have seen substantial improvements in revenue streams emanating from India during this year and during the first half of this year. And we'll continue to see India growing at fairly high rates of growth, at least for the next few years is what we anticipate. So we think that India could be INR800 crores to INR1,000 crore market for us over the next 4 to 5 years is what we had said about -- we had made the statement about last year. And we continue to feel that potential in the market exists, and we've been making progress on that front.

We currently work in the jurisdiction of India with 3 brands, with Himeya, with Liv and with Atmosphere. And the company is active across bedding, bath, drapery and upholstery segments. We endeavour to take our brands into various distribution platforms, including multi-brand outlet networks, large-format store networks, digital networks and other B2B networks. And we're currently present in over 460 cities, and we have crossed over 3,000 points of sale at this point going north.

So we estimate to continue to build on our distribution presence and our penetration across the various channels and cities of the country. So this theme will continue, obviously, going into next fiscal, and we will be pushing across all the 3 brands and all the product categories that we are present in.

So I think that over the next -- if I take a 2-year period as far as India is concerned, we think that India should grow to close to INR300 crores to INR400 crores over the next 2-year period from virtually a sub INR50 crore level or a sub INR25 crore level in FY '24. And as far as fiscal '25 is concerned, we should see revenues from this jurisdiction stand at between roughly just under INR100 crores.

Chandan Mishra: Sir, if you give some insight on our export as well as textile demand, sir?

Shrikant Himatsingka: I'm sorry, could you repeat your question, please?

Chandan Mishra: Sir, outlook for export and textile demand, if you give some insight about those 2, sir?

Shrikant Himatsingka: The outlook for exports and the textile industry in general, is that your question?

Chandan Mishra: With respect to Himatsingka, sir?

Shrikant Himatsingka: So our outlook on exports and the domestic market, as I said earlier, we remain optimistic on enhancing our market share and enhancing our utilization levels as a result of that. We have been seeing some short term -- or we've been seeing some movements which -- headwinds, which have kept our utilization levels a little subdued for reasons I've outlined earlier. But this is purely transactional in nature at this point because we are going through this recalibration exercise, and we saw some revenue correction on account of loss of clients earlier.

And therefore, we are making up these revenue streams as we speak, and we are in the fag end of those initiatives. So my outlook for the export piece and the domestic piece remain buoyant. The capacities are available. The infrastructure is available, and we will be looking at sort of coming out of this recalibration exercise soon and heading north from there.

Chandan Mishra: Sir, one last question, sir if you permit? Sir, our debtor days, cash conversion cycle, working capital days and inventory days all have been increased during FY '24. Do we have some improvement which increase during FY '25 end?

Shrikant Himatsingka: During FY '25, sorry, could you repeat?

Chandan Mishra: Sir, our debtor days, inventory days, cash conversion cycle and working capital days have increased at the end of FY '24. Do we have some improvement by end of FY '25?

Shrikant Himatsingka: Yes. As we have indicated to investors earlier, we are sort of working to recalibrate this as well. This is something that typically Himatsingka has a fairly lean cycle post-COVID and some of these challenges that we have gone through. Our NWC cycles have seen some expansion, and we are working on reining that in. So one of our priorities other than capacity utilization and delivering the balance sheet will also be to correct our working capital cycles, which we are working on.

Moderator: The next question is from the line of Rusmik Oza from 9 Rays EquiResearch.

Rusmik Oza: My question was on this recalibration. So, is that we have lost a new client beyond bed, bath and linen because of which we are doing this recalibration? And secondly, what is the portion of revenue today that comes from brand business, brands basically? And how do you see this percentage changing in the next 1 to 2 years?

Shrikant Himatsingka: So this is not a loss of a client. We are just sort of churning our portfolio -- some of our brands in our portfolio. As you know, we operate multiple brands. But in some cases, we are seeing, let's just say, a mismatch in terms of the value proposition vis-a-vis the brands and their value proposition isn't as interesting as it used to be. And we, therefore, felt that we need to recalibrate our portfolio.

And during this exercise, we will likely to have marginal impact on revenue streams, as we have discussed with investors earlier. So the bed, bath and beyond piece was the only client sort of piece that we shared with investors, and that doesn't -- there's nothing has changed on that front. This has nothing to do with any specific client as such, but we are -- we have to undergo this process. Some of these brands have been with us for a while. But as indicated and as discussed, we do churn and rotate brand portfolios from time to time.

In context to your other question in terms of how much is our revenue stream from brands, it's approximately -- it hovers between approximately 30% thereabouts at this stage of our revenue mix vis-a-vis private label.

Rusmik Oza: Okay. Okay. Sir, a few years back, this share of branded brands was around 80% plus, if I remember. So does it mean that this 80% has come down to close to around 30% now?

Shrikant Himatsingka: No, it was never 80%. It was approximately -- it was a little lower than that. But we have been working on changing our revenue mix. I've shared with investors that brands don't necessarily give us higher margins as such. So it will be a margin-neutral exercise. We need to make sure that we have the right brands with the right value proposition. So it's -- the reduction in branded revenue streams and the increase in private label branded -- private label revenue streams will not necessarily have any impact on our broad margin profile. But yes, we have -- we are going through this churn, and we anticipate to conclude with this exercise sooner than later, as I said earlier.

Rusmik Oza: Okay. Okay. Second question is related because your largest peer actually reported almost a 39% growth in the bed sheeting division last quarter, and our utilization level, in fact, gone down from 67% to 61%. That means we have actually degrown by around 10% in the bed sheeting. So how does this exercise of recalibration mean? Does it mean that you discontinue business with a few brands which are not giving you profits, but it will end up increasing your margins going forward? Is this the way we have to look at it?

Shrikant Himatsingka: Yes. I mean, technically, while we sort of ease out our certain brands from our portfolio and replace those streams with private label revenue streams or new brand revenue streams that will emerge. But technically, our margins could see an uptick because some of the value propositions from these brands have been skewed of late, as I discussed.

But I would assume from a standpoint of an investor that there will be other, let's just say, impacts on costs and things of that nature vis-a-vis the revenue streams that come in place of these revenue streams and our margin profile should remain range bound, as they have. So just because we are replacing it, it doesn't necessarily mean that we'll see any substantial alteration in our margin profile.

Rusmik Oza: Okay. Great. And based on your guidance of this recalibration continuing for next 4 to 6 months, does it mean we will still degrow by single digit to 10% in the bedsheet division for the next 2 quarters, sir? .

Shrikant Himatsingka: The Sheeting division could see some impacts. We are working to offset that impact, but we've sort of highlighted it to investors that we -- as we have earlier as well, but we've made it a little more clear that we'll go through this. So during this process, the Sheeting division is likely to see some of these impacts, but that's not the case with our Terry division.

Rusmik Oza: Okay. Okay. Sir -- but my second question was on Terry only, sir, because our utilization levels over there has been stuck at around 67%, 68% for the past few quarters. So how do you see the growth in this business? Will this utilization levels go up in the next 2 quarters by end of this fiscal? And what's the target for next fiscal year in terms of utilization for the Terry Towel division, sir?

Shrikant Himatsingka: So the Terry division, we are working on debottlenecking of certain specs in our plant, which is currently underway. It is because of this reason that the utilization levels are range bound at this point. But once we see that ease out because of product mix shifts in our plant, we should see Terry utilizations go up substantially. We are seeing reasonably strong demand in that vertical.

Rusmik Oza: Okay. Okay. Just to summarize, sir, we had a revenue of around INR2,840 crores last year. Any guidance you can give for this year, what could be the run rate for revenue this year? And going forward, once you complete this debottlenecking and restructuring the Terry Towel business next year, what could be the growth guidance for FY '26?

Shrikant Himatsingka: Rusmik, as you know, we do not give guidances on revenues, but we'll be happy to have a chat with you offline and take you through our thinking on utilizations and how we see businesses pan out...

Rusmik Oza: That will be helpful, sir, because what is happening suddenly the entire goalpost of revenue is changing. So I just wanted to get a little better hold on the numbers, that's why, if there is something, I'll come back in the queue.

Shrikant Himatsingka: Yes. But directionally, it has to go up. We are very clear that we'll be taking our utilizations up, which will essentially position us to grow both our Sheeting and Terry divisions. I've shared with investors earlier that at full capacity, our revenue potential is in the region of INR4,000 crores, and we will be working in the medium term to head in that direction.

Rusmik Oza: Last question, if I can squeeze in, if you can give us some guidance on net debt figure you are aiming for by end of this fiscal and next fiscal, sir?

Shrikant Himatsingka: Rusmik, can we take that offline?

Moderator: The next question is from the line of Ranveer Singh from Yashvi Securities Private Limited.

Ranveer Singh: Sir, my question was on the borrowings front. So I see a short-term borrowings, which need to be paid, that's around INR1,200 crores. You've just done a INR400 crores QIP, and you have INR100 crores of cash and cash equivalents. And in the last couple of years, you've generated an approximately INR300 crores of operating cash flow. So I was just thinking how would like the rest of the borrowings? Would it be refinanced?

Shrikant Himatsingka: Ranvir, so a substantial part of the QIP proceeds will be used to reduce our term debt, which will reduce our repayments substantially over the next close to, I would say, 16 to 18 months. And in addition to the QIP, we are working on a few internal initiatives to bring down term debt by another approximately INR200 crores. So that's something that we are working on.

And our working capital will be -- is, at this point, range bound. As I've indicated, we are in the midst of trying to improve our cycles. So that's something that will go on separately. But whatever pressure and obligations that existed on the term debt front will stand corrected after the QIP.

Ranveer Singh: Okay, sir. Sir, also another thing I wanted to know, as we export our products, a large chunk of it to America, historically, have there been any kind of tariffs that have been imposed on our products?

Shrikant Himatsingka: No. At this point, we are -- we don't have any knowledge of any tariffs that have been imposed on our products.

Ranveer Singh: No, sir, I was asking historically, not currently. Has there ever been any tariffs imposed?

Shrikant Himatsingka: No, not in the categories that we have operated in recent times. I mean, in the last 10, 15 years since we've been in the space since 2007, we haven't seen any change in tariff structure in the United States.

Moderator: The next question is from the line of Nirav Savai from Abakkus.

Nirav Savai: My question is on this branded portfolio. You said it's about 30% of the overall revenue. So am I right in understanding about INR850 crores is revenue from the branded portfolio?

Shrikant Himatsingka: Yes, Nirav, it's range bound -- I mean, it moves every quarter, but of course, in terms of an annualized percentage. But it hovers in the 30-odd percent range at this point including our -- and this includes revenue streams from our ingredient brands portfolio, which is our cotton brands and things of that nature, but that's a fair assumption at this point.

Nirav Savai: And what was it, let's say, a year back or maybe 2 years back?

Shrikant Himatsingka: Two years back, it was, yes, about between 40% and 50%.

Nirav Savai: Okay. So if I go back to FY '22, it must be about 40% to 45%. Is it?

Shrikant Himatsingka: Yes. In the region of 50% is what it would be approximately.

Nirav Savai: Okay. And how do you see this going forward? I mean, let's say, in FY '26?

Shrikant Himatsingka: I think while we declare this for -- just to sort of segment our revenues and showcase broadly, but showcase our streams from brands on the revenue front. But on the margin front, Nirav, these are largely neutral, as I've always said. So it won't have any impact on margins. We just make sure that we have an optimal portfolio of brands and things of that nature to align ourselves to be total solution providers for global clients.

However, as far as India is concerned, our brands, Atmosphere, Liv and Himeya will continue to grow as we have outlined earlier. And to that extent, we will keep growing our portfolio revenue streams from our branded portfolio vis-a-vis India that should see robust growth. And on the export front, it should be largely range bound at this point. The group does shop for new brands from time to time depending on the value proposition they bring us. But I would say that the brands that are most sort of poised to grow in our portfolio is our suite of Indian brands -- or suite of brands that we operate in India, which are the 3 brands of Himeya, Liv and Atmosphere at this point.

Nirav Savai: So you said this recalibration will take another 4 to 6 quarters. So can you elaborate what exactly is required to be in the next 4 to 6 quarters?

Shrikant Himatsingka: Nirav, it's 4 to 6 months, not 4 to 6 quarters...

Nirav Savai: 4 to 6 months? Okay. I was mistaken. I thought it's 4 to 6 quarters. And so we are reducing the loss-making brands and that's what will take a couple of quarters...

Shrikant Himatsingka: We are sort of coming down on brands, which didn't give us a proposition, which we thought was as viable as it was earlier. Some of our brands that we operate could have restrictions on distribution, could have restriction on channels and things of that nature. And our brands also have costs, as we are aware so the value proposition that, therefore, was a little subdued in terms of what these brands could offer us. And therefore, we are looking at changing out some of these streams.

Nirav Savai: And what would be the quantum of these brands where in terms of revenue? And were these restrictions something which has just happened in the recent time, or this has been ongoing for a while?

Shrikant Himatsingka: No, restrictions always exist. They change from time to time, given the market dynamics and the cost of brand change given the market dynamics. So keeping those elements in mind, we took this strategic call. And as far as details are concerned in terms of what's the remainder of some of these brands that we have, I'll be happy to have a chat with you offline so that I can give you a proper perspective on where we are.

Moderator: The next question is from the line of Prerna Jhunjhunwala: from Elara Securities.

Prerna Jhunjhunwala: Congratulations on posting the best margins in years at near 20%, which is a commendable performance. Could you just help us understand what helps you in giving this kind of performance, given the cost pressures in the industry?

Shrikant Himatsingka: Prerna, performance has largely been range bound. There's nothing -- I mean, the Himatsingka margin profiles have been pretty range bound, as you've seen in recent times. So I have nothing specific to comment on vis-a-vis why these margins because there's nothing substantial that's changed. But we have had some pressures on the cost front. We had some tailwinds on some other fronts, and we've sort of kept the overall margin profile range bound.

But I'll be happy to get into anything in greater detail in terms of our margin profiles and things like that and take you through our models -- rather our business at this point to give you a better insight into our margins. But it's essentially been this way for the most part other than the turbulence that we have gone through in the middle post-COVID, plus/minus 200 bps. It's moving in and around this place.

Prerna Jhunjhunwala: Okay. So just asking another change in the question. Do you see any margin pressures coming in given that your container costs are increasing, Indian cotton remaining expensive to international cotton? So any margin pressure that you would like to highlight, or we should...

Shrikant Himatsingka: I want to share with investors that our margins can move between 18% and 22%. So it's possible on account of product mix. It's possible on account of inflationary pressures. It's -- so it could move in that framework. I don't see anything specific precipitating at this point vis-a-vis us. But between quarters, it could move in this broad band, yes.

Prerna Jhunjhunwala: Okay. Understood. And sir, I would like to also understand the demand in terms of private labels, retail sales is coming very strong. So are we seeing increased sourcing coming in or they still continue to remain cautious on sourcing?

Shrikant Himatsingka: Is that -- is your question -- can you...

Prerna Jhunjhunwala: My question is with respect to U.S. retailers. Are they continuing to remain cautious on sourcing? Or they are increasing their sourcing given that China Plus One takes another aggression in the U.S. and Pakistan also doesn't have much cotton. So do we see increased sourcing from U.S. retailers, or it is business-as-usual?

Shrikant Himatsingka: No, I think the industry continues to see some enhanced interest from the U.S. vis-a-vis strategically trying to shift some of their sourcing basis, be it China Plus One or be it certain geopolitical headwinds they're facing vis-a-vis Pakistan, that theme does continue. And therefore, there is a greater interest, I should say, whether it will translate into higher market share, that's something that remains to be seen, but the interest/theme continues.

I've also shared with investors earlier that the U.S., of course, will continue to remain important. But for us, new jurisdictions or rather other jurisdictions like the European Union, the U.K., the Middle East, India and the Far East will sort of be leading the growth and not necessarily the United States. The U.S. will also grow, but it's not that the other jurisdictions are going to be substantially, let's just say, behind. They are strong as well, and we see a lot of demand going forward emanating from these other jurisdictions as well.

Moderator: The next question is from the line of Nitin Gandhi from Inoquest Advisors Private Limited.

Nitin Gandhi: I just wanted to understand the rationale of having a QIP a little smaller than envisage just raising INR400 crores against high debt? Why it couldn't be reasonably higher and make much -- because interest environment is -- rates are also high, your cost is high, and the cash flow generation will take a little longer time to repay. And since equity pricings are good, was it not good to raise more size of the issue and repay debt at one shot? Just some loud thinking from your side.

Shrikant Himatsingka: No, fair question, Nitin. We have to balance a bunch of parameters, right? It's not just -- is not a singular parameter that dictates how much one can raise. So we were armed with the resolution at that point of INR400 crores. So we maxed out on that. And we shared with investors that we are looking at a couple of more initiatives to increase that number, which are coming from internal sources. So we'll continue to work on that.

And we had to balance all of these parameters. And so we felt that vis-a-vis where we are at, at this point, that would be an optimal number, and we'll relook at it going forward in terms of what the potential is on the equity front as we go along. But for the here and now, I hear what you're saying. But given the obligations of us having to balance several parameters, we thought that this is an optimal number for now.

Nitin Gandhi: Because it will take more than another 4 years at least to get balanced financial structuring. Is there a threat of low promoter stake that could be endangered? If you can share, it will be a bit better clarity, if you can.

Shrikant Himatsingka: I have no further thoughts at this point, Nitin, but I'll be happy to have a chat offline if you would like to get in touch. I'll take you through some of our thinking, but it's largely what I've shared with you.

Nitin Gandhi: Yes. Maybe...

Shrikant Himatsingka: And I don't think it will take 4 years for us to correct some of our leverage ratios. I think it will be much sooner than that once we get on with our utilization levels going north. And the QIP, along with some of the other initiatives I've spoken about, should get our leverage ratios in check pretty soon in terms of -- in the medium term, not in the horizon that you're talking about, as we see it at this point.

Nitin Gandhi: Okay. Maybe I think -- because other 1 or 2 questions also you had sought to take it in private chat so maybe I'll be happy to take those same questions there also.

Shrikant Himatsingka: Yes, because -- I mean, I have no hesitation sharing anything and -- but it's just that it will take time for me to make sure that you have the right perspective. And therefore, it would probably be useful if you get in touch and then we'll give you the full perspective so that you are clear.

Moderator: The next follow-up question is from the line of Rusmik Oza from 9 Rays EquiResearch.

Rusmik Oza: Sir, given the context that 2 quarters more, we have recalibration, that means FY '25 also, we'll end up with a revenue of around INR2,850 crores only -- INR2,850 crores, roughly around that number. And to achieve that INR4,000 crores target at full utilization, we need a growth of another 40% from here. So what would be the realistic time frame to achieve this? Could it be FY '27, '28? If you could give a little bit of colour on this, it will be helpful, sir.

Shrikant Himatsingka: Yes. We are looking to hit that run rate in 18 to 24 months.

Rusmik Oza: Okay. So in next 2 years, we should be able to grow up around 40% to achieve that target of INR4,000 crores? That's the way one should look at, right?

Shrikant Himatsingka: Yes. Directionally, we are looking at 18 to 24 months to hit that run rate at this point.

Rusmik Oza: Okay. Okay. And with this calibration, then hopefully, I think if you have got rid of a lot of this low-cost business of brands, I think we should be able to maintain that 20% EBITDA margin. Is that a fair assumption, sir?

Shrikant Himatsingka: Yes, we have always shared with investors that as things stand now and -- things could always change. But the way things stand now, our EBITDA profile should be in that 18% to 22% range, of which we should probably swim in this 18% to 20% range is what I, at this point, feel.

Rusmik Oza: Okay. Okay. And any guidance you can give on the domestic business? You said you should do around slightly below INR100 crores this year in the domestic business. Will the EBITDA margins be similar to what we are doing right now on a consol basis of 20%? Or will it be lower and then gradually ramp up as your revenue profile goes up from INR100 to maybe whatever in the next few years?

Shrikant Himatsingka: Yes. Since the business was new in terms of foreign to India, of course, the initial times, the margins will be a little subdued. But going forward, our India business should be in line with our -- it should be just a tad lower than our overall EBITDA margins that we are looking at. So if I factor everything in, it won't have a material impact on our overall margin profile at this point. It might just be a tad bit here and there.

Rusmik Oza: Okay. Okay. And sir, we should do around slightly below INR100 crores this year, but your target is to touch around INR1,000 crores in the next 4 to 5 years. So say, 2 years down the line, FY '27, what could be the realistic number that we can emerge on the domestic business? Can it be INR300 crores to INR500 crores with slightly lower EBITDA margin than the consol basis right now?

Shrikant Himatsingka: Yes. In the 2-year horizon, we're looking to ramp it up to in the region of INR300 crores to INR400 crores.

Rusmik Oza: Okay. Okay. And from INR100 crores to INR300 crores, INR400 crores if you do, then what is the improvement in the EBITDA margins you see vis-a-vis what it is today?

Shrikant Himatsingka: It should align with -- as I said, it should progressively keep aligning with our overall EBITDA margin profile. But some of these things we will have to sort of keep observing, as we go along. But at this point, if our EBITDA profile is in the region of 18% to 20% and in that bucket, the India piece will come in a little lower, as I said, but our overall bucket will not be on a weighted average basis influenced as much. So that's what we see at this point.

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

Shrikant Himatsingka: Thank you all very much for taking time this afternoon and joining us on this earnings call. I do hope I've answered most of your queries and some I need to get into a little more detail. So do get in touch with us, and we'll make sure that we've given you the right perspective on things, if there are any queries that you want answered. Thank you very much.

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