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# SANWARIA CONSUMER LIMITED

(Formerly known as Sanwaria Agro Oils Limited)

CIN - L15143MP1991PLC006395



**SANWARIA GROUP**  
Serving society through Industry

**Date: 07/08/2018**

<b>Bombay Stock Exchange Ltd.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001. <b>BSE Scrip Code: 519260</b>	<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, 5th Floor Plot No. C/1,G Block Bandra - Kurla Complex Bandra (E) Mumbai-400051. <b>NSE Scrip Symbol: SANWARIA</b>
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**Re: Transcript of Earning Call Conference for Sanwaria Consumer Limited Q1 FY 2018-19 Financial Results.**

Dear Sir,

Please find attached the Transcript of Earning Call Conference organized on 24<sup>th</sup> day of July, 2018 post declaration of Financial Results for quarter ended 30 June, 2018, for your information and records.

Thanking you,  
Yours faithfully

**For Sanwaria Consumer Limited**

*Komal*



**Komal Madhyani**  
**Company Secretary**

Encl: As above



**SANWARIA CONSUMER LIMITED**  
**“Sanwaria Consumer Limited Q1FY19 Conference Call”**  
*Transcript*  
**24<sup>th</sup> July, 2018**

**Management: Mr. Anil Agrawal, Professional Director**  
**Mr. Raju Agrawal, Director**  
**Mr. Anil Kumar Vishwakarma, Chief Financial Officer**  
**CA Mr. Aman Arora, Sr. Manager Finance**



**Moderator:**

**Good evening ladies and gentlemen.** Welcome to the Conference Call of Sanwaria Consumer Limited arranged by Concept Investor Relations to discuss its Q1FY19 results. We have with us today Mr. Anil Agrawal - Professional Director; Mr. Anil Kumar Vishwakarma - Chief Financial Officer; Mr. Raju Agrawal - Director and Mr. Aman Arora - Sr. Manager Finance. Please note that this conference is being recorded. I would now like to hand over the floor to Mr. Aman Arora. Thank you and over to you, sir.

**Aman Arora:**

Good evening everyone and welcome to the Q1FY19 earnings call of Sanwaria Consumer Limited. At the outset, Sanwaria Consumer has predominantly achieved in the business of edible oil and agro based production. The company currently operates in the heart-land of the soya, paddy and wheat belt of India, giving the company substantial saving on logistical cost by the way of its locational advantage. Additionally, the strategic location also helps the plant to benefit from uninterrupted power supply at Madhya Pradesh being the heart of India, it is also one of the power surplus state. In the search for operational excellence here, from being a soya processor we turned ourselves into an FMCG player, with a range of agro based products since our journey of 25 years. We extended our edible oil portfolio by launching sunflower, mustard and rice bran oil. Since 2014, our product portfolio saw several additions like Sooji, Maida, Dalia, Besan, Chakki fresh Atta, Poha, Soya flour, Sugar, Pulses and packaged foods. These newly launched products now cater to the taste of global consumer.

Coming to our retail expansion, we are fortifying into direct retail by opening retail outlets under the brand name 'SanwariaKirana'. We have recently unveiled 25 stores across Madhya Pradesh, additionally, we plan to open 100 more stores in MP and Maharashtra. Our aim is to take our offerings to every nook and corner of the country and we believe that we will succeed in the same, in the coming years. In the last quarter, we embarked upon several new initiatives, one of which was our association with Patanjali Ayurved Limited, by becoming their official manufacturer and supplier of Soya chunks or Soya Badi under the brand name of Patanjali. Looking at the recent tie-ups with Patanjali, and with online platforms our products will now be available on these virtual marketing networks like Flipkart, Amazon, Big Basket, Grofers. Further, considering the leadership position of Patanjali in the FMCG sector of India, and our association with them, we are confident of the favorable impact on the overall top line and bottom line growth in coming quarters. We personally believe that this tie up with Patanjali will give us better revenue and help to boost the margins. We have also bagged many rewards recently. 2018 has been a year of far reaching changes, aimed at the transformation of the company. We have laid the foundation for the future of orderly, sustainable and profitable growth.

Now, let me run you through the financial performance for the quarter. The company reported net profit of Rs. 32.17 crore for Q1FY19 which is actually up by 72.84% if I compare it to last fiscal quarter which was Rs. 18.61 crore. The profit after tax margin stood at 2.68%



as against 1.61% in Q1FY18. Total income for the quarter ending 30<sup>th</sup> June, 2018 stood at Rs. 1200.15 crore which is up by 4% as compared to Rs. 150.04 crore in the same period last year. Our EBITDA in FY19 stood up at Rs. 60.16 crore which is up by 45.81% as against last year. The company's EBITDA margin stood at 5.02% in Q1 financial as against 3.58% last year.

With this I shall now leave the floor open for questions.

**Moderator:** Ladies and gentlemen we will now begin with the question and answer session. The first question is from VikalpBhansal from Ericsson India. Please go ahead.

**VikalpBhansal:** PAT margins have increased this quarter on the basis of what factor? Is it because of the Patanjali Association and is it sustainable?

**Anil Agrawal:** We have recently shifted our business model to the FMCG. We are looking for the EBITDA level of the stabilized player in the FMCG business and the main contributor is definitely rice and other products like wheat products. These are the major contributors and soya is also doing good this year.

**VikalpBhansal:** What brings the margin percentage up this quarter only?

**Anil Agrawal:** For this quarter soya as well as rice have improved the margins.

**VikalpBhansal:** Why did you and other promoters sell off at a lower price and were buying in at the rate of Rs. 35 via preferential issues?

**Anil Agrawal:** If you know the history of the company, the promoter has earlier taken the share at higher price than the market price. And this time as well we have infused the money but not yet received the BSE/NSE in principle approval for listing. And the promoter sold for his daughter's marriage and for an aged person who is also non-core promoter of the company.

**VikalpBhansal:** I am not speaking about the 1 lakh share in the daughter's case, I am talking about December when Satish and Gulab Chand sold 5% of the equity.

**Anil Agrawal:** That is an old partnership firm held by in the single holder capacity. All the explanation is given in the exchanges and that is a declared sale. And now the share remains only with core promoter and these shares are not subject to the sales.

**VikalpBhansal:** And after all the results, the sales crashing like anything and we all are in a very dicey situation to be invested in Sanwaria for long, after every good result we are seeing a fall..



**Anil Agrawal:**

No, that is not the only reason as the whole market is down, all mid-caps and small-caps are also down and which brings many shares in ASM category, which will be further down because of ASM. In today's Business Standard it has been mentioned that even the market return in all other agencies are worried because ASM is not working and the prices are falling.

**Moderator:**

Thank you very much. The next question is from SachinBhansal from Oracle. Please go ahead.

**SachinBhansal:**

My question is regarding your online sales, a couple of weeks ago you declared that you are starting the sale of your products online and the website: sanwariaconsumers.com has been re-designed and that was scheduled to start from the 29<sup>th</sup> of July. So, I wanted to ask whether these products are available only in MP or is it going to be available all over India?

**Anil Agrawal:**

No, it will be available all over India and even all over the world, if the logistics permits.

**SachinBhansal:**

How would you arrange the distribution partners? Suppose if, I am based in Delhi and I order something from your website, costing only Rs. 1000 or Rs. 2000 so how is it going to be distributed, for the arrangement of transport of these products to Delhi? Or I will have to pay the delivery charges? Basically do you have a distribution network already arranged?

**Anil Agrawal:**

Everybody will buy only when they find the price comparable and adaptive. So, initially when we dispatch the product from Bhopal and Itarsi initially. If the logistics permit then we will extend to all other areas, but we are starting with whole of India. Later on there will be distribution partner at all places. Initially we will dispatch from Bhopal and Itarsi. But the price will be, the expected price including some very less profit margin so the rate will be comparable.

**Moderator:**

Thank you. The next question is from the line of Harsh Shah from Canara Bank. Please go ahead.

**Harsh Shah:**

As you can see, the revenue from operation has a 4% year-on-year growth, what is the growth in terms of volume and value growth? Or this is just a value growth in terms of price growth which has catered to this growth?

**Anil Agrawal:**

There is both quantity and price growth.

**Harsh Shah:**

Can you tell us what is the volume growth?

**Anil Agrawal:**

We are having the EBITDA of 5% for this quarter. Earlier the EBITDA was 4.5%.



- Harsh Shah:** Agreed. The price growth can be because of the price rise and the volume growth. So, what is the volume growth?
- Anil Agrawal:** Approximately 10% is the price growth and 5% is the volume growth.
- Moderator:** Thank you. The next question is from the line of Umang Shah from GM Financials. Please go ahead.
- Umang Shah:** Just to know a little about the background of the company, sorry if this is repetitive for someone. We are in processing, so basically what we do is that we extract oil from soya bean and we supply oil to Patanjali, right?
- Anil Agrawal:** No, we are not supplying oil to Patanjali, we are supplying Soya Badi to Patanjali and we are a FMCG company and not oil Producer Company. We are a manufacturing company which is having a manufacturing capacity of soya bean, rice, paddy and all the wheat products. Right now, we have 35 products.
- Umang Shah:** What we do is we sell flours; soya flour, rice I mean basmati...
- Anil Agrawal:** Soya Badi, rice bran oil, soya oil, Atta, Maida, rava, sooji.
- Umang Shah:** Okay got it. One more thing, so now that we are opening retail stores what is our logic behind it? I mean 25 stores we have already opened for direct selling.
- Anil Agrawal:** Yes, in MP we have opened. In Category III and Category IV cities basically. We are targeting Category III and Category IV cities.
- Umang Shah:** So, do you think that branded flour has that kind of value to that people will get to your shop and they will be buying off those things?
- Anil Agrawal:** Initially we opened 3-4 stores then we considered the feedback from the stores and we found that the revenues are very good and, in some store, where we initially got Rs. 25,000 per day sale, later we got Rs. 1 lakh per day. So, we found it an interesting space and since it is B2C, and as B2C has more margin and more EBITDA so if you approach the consumers directly, then the EBITDA and PAT will be better.
- Umang Shah:** Right, agreed. So, when we are looking at expanding it to more 100 stores in Madhya Pradesh and Maharashtra, so are we looking at the same scale of growth from our products, amongst all 100 stores to put together?
- Anil Agrawal:** Yes. We are expecting increase in the volume and the number of products are also increasing. Along with the number of stores that are increasing the number of products will also increase.



**Umang Shah:** We already have good amount of competition in this particular space. Do you think that we will be able to gain market share?

**Anil Agrawal:** Our model is very different, our stores are just ATM size stores, it is only a hundred square feet which is taken on rent and there is someone appointed. It is an inexpensive model, with a very small space but the products are very specific type of kitchen-oriented daily food products. And since we are the manufacturer, so we have the pricing power.

**Umang Shah:** Right sir, but my question was that there are other companies also which are already supplying let it be organized, unorganized companies which are supplying through various other big flagship stores, the same products the ChakkiAttas and Soya flour and everything. Do you think that we will be able to take market share from them because they might be present in Tier III and Tier IV also?

**Anil Agrawal:** We are right now taking up the market share, even from Patanjali we are taking the market share. Most of our shops are located near to Patanjali store. So, it is only the quality and rate which should be competitive. Like for example, Aashirvad Atta, our Atta has similar quality like that of Aashirvad Atta and we are selling it at a lesser price. Why would people not buy our Atta?

**Umang Shah:** Okay that is a fair assessment, got it. Apart from that we have a debt of close to Rs. 1,000 crore, why was this debt taken? We have even pledged some of our shares, if you could give me some idea on that as well.

**Anil Agrawal:** Every company which is operating in FMCG and having model like us requires a debt in order to store raw material, to store the finished goods so debt is a necessity. But we are reviewing that debt in percentage terms with each passing quarter and we have only working capital debt for your knowledge, zero long term debt.

**Umang Shah:** So all Rs. 1,000 crore we can say is only working capital debt?

**Anil Agrawal:** Yes, it is only working capital debt mainly required for storage of raw material and to give credit to our customers.

**Umang Shah:** Okay and we have seen that our debt has increased drastically from 2011, like it was RS. 250 crore earlier and now it has increased to Rs. 400 crore. Since then there is only an increase in debt from Rs. 300 crore in 2013 to almost close to Rs. 940 crore in 2014. So, I mean why this sudden jump of Rs. 600 crore in one particular year, any clue on that also.

**Anil Agrawal:** No actually we have to store the paddy in huge quantities, people store paddy for 1-2 years unlike the other commodity where the usual storage period is 30 days or 45 days or



maximum 3 months. So, in this business it is stored for a higher period of time and also, we mature the paddy. So, since we started this rice business, we are requiring to stock more, otherwise our requirement for working capital was less early. And selling on credit being the other reason.

**Umang Shah:** Okay that is why this sudden increase. And sir in Maharashtra also we are looking at Tier III and Tier IV cities only where we are going to open stores?

**Anil Agrawal:** Yes, in Maharashtra also, particularly we start from the Vidarbha region because it is close to our place.

**Umang Shas:** Right, and what is the rationale behind getting online? So, we are going just for global supply firstly, or we are looking at national supply first and then we are planning to go global?

**Anil Agrawal:** Now we are looking for the national supply because we are opening up the store initially in these 2 states, MP and Maharashtra. So, the queries are coming in, shareholders and customers are asking where in South we can get your material, like in Bangalore and other parts of the country. So, the idea is as the new generation particularly orders everything online, so we go online as well

**Umang Shah:** But sir, then why are we not engaging directly with Grofers and Big Basket who already have a set up?

**Anil Agrawal:** That is another channel, that is third-party channel. But we are going for that also.

**Umang Shah:** Yeah, agreed, I am just trying to get a feeling from you that, if we go through those stores instead of getting inventory fixed with our own website, if we increase our exposure to those websites, don't you think that logistics will be taken care of by them? You will also have inventory safety with them. I am just guessing on these things, like opening up your own on-line website, taking up a cost for that what is the return that you are looking at from your own website? And to be honest the amount of people who will be attending or visiting Grofers versus the number visiting our website will be very less. Client procurement cost, client stickiness cost everything will be higher in this case. Have we worked on these rationales first? What I am trying to just ask is that how much period are we looking at from this investment in website? Return time, like are we looking returns after 1 year, after 3 years, what is the time period we have given ourselves?

**Raju Agrawal:** We are developing our own website as it also gives visibility to our products apart from providing customers with our products online. As far as the cost factor that you are talking about is concerned, placing products with other online grocers are also not cheap. I mean you must have heard of the placement cost they charge for the companies' products. So again, there is also a cost. The platform that we are working on to create visibility for our own





products through our own website, and while working on a parallel platform where we are tying-up with retail outlets, the physical retail outlets like Big Bazar, like the (Inaudible) 26.46 and we already have a tie-up with Hypercity which is taken over by Big Bazar right now. So that is a parallel platform which we are working on. But our products marketing through our website gives our products more visibility and brand value, which we are looking for and the cost is comparatively very cheap.

**Umang Shah:** Okay, so creating our own website and maintaining would be cheaper than your placement?cost

**Raju Agrawal:** Yes, it is very cheap and moreover the sale is not guaranteed in those websites as well and they give you the payments in 3 months. Those online website people or for that matter those retailers, we have been working with Big Bazar and earlier with Vishal Mega Mart for quite some time. The payment cycle with them is very slow. So, there are merits and demerits with both the system. But we are working with both of them parallelly as far as on-line business is concerned.

**Umang Shah:** Right, so just to sum this up we are opening store for brand visibility.

**Raju Agrawal:** Yes, so it also gives us brand visibility and if you are providing good quality product at good prices, see Sanwaria is already a big brand in MP and Maharashtra.

**Umang Shah:** Okay.

**Raju Agrawal:** Our rice sales, oil sales, our products are already visible in the market. So now that we are coming up with our own retail stores, the consumers already know our brand name and that is why our products are getting acceptability through our own retail stores also.

**Umang Shah:** Okay.

**Raju Agrawal:** And once we cut off the complete distribution channel, we can provide them the products at the cheapest price.

**Umang Shah:** Right, only the logistics cost would be added.

**Raju Agrawal:** Yes only the logistics cost is the added cost and it gives us more premium of our products.



**Umang Shah:**

I was looking out for the rationale only and I just wanted to understand where our management is going with this. So, we are just looking at expanding our brand right now, getting it known pan India.

**Raju Agrawal:**

Right, we are also going through the traditional distribution network channel. See that is not going away in the near future, it is there and it will be there. But then you need to create your own platforms to reach out to the consumers directly because distributors now they don't have any faithfulness towards any company.

**Umang Shah:**

Right.

**Raju Agrawal:**

They will start promoting any other product any other day wherein they get better margins. But as a company point of view, we want to give our products at cheaper price to our consumer. We want to pass on everything to our consumer.

**Umang Shah:**

Right, instead of just giving it to the mediators.

**Raju Agrawal:**

That is why we are going for direct marketing through our own retail outlets.

**Umang Shah:**

Okay sir, perfect, got it.

**Raju Agrawal:**

And by the way as of today our 28 outlets are operational. In the next week around 9 more outlets will be operational. So, it will be 37 outlets will be operational by the end of this month.

**Umang Shah:**

**Only** in Madhya Pradesh?

**Raju Agrawal:**

Yes, they all are in Madhya Pradesh right now.

**Umang Shah:**

Got it and when we are saying that online and so if somebody orders online from Madhya Pradesh it will be supplied through our local stores or then again there will be a common warehouse from where everything will be taken off?

**Raju Agrawal:**

See right now we have distributors every where in Madhya Pradesh. So, the supply in Madhya Pradesh is not a problem. But we are creating a kind of central location in Indore. Indore is logistically connected to every part of the country.

**Umang Shah:**

Yes agreed.

**Raju Agrawal:**

And we have some distributor network in Maharashtra also. So, from there we can supply to our online buyers, initially.



- Umang Shah:** Got it, agreed. Then we can increase our distributors and all.
- Raju Agrawal:** We are also increasing our distribution network alongside this.
- Umang Shah:** How many distributors would we have currently?
- Raju Agrawal:** Right now, we have around 60 - 70 distributors. There are different distributors for different products.
- Raju Agrawal:** There are 60 - 70 distributors of rice.
- Anil Agrawal:** There are 100 distributors for soya oil.
- Raju Agrawal:** Yeah so let's say we are connected to around 250 to 300 distributors if we include all our products.
- Umang Shah:** Yeah that is more convenient for us also. So, sir, what would be our main USP, what would be our main product that is hot selling cake I mean which generates maximum revenue for the company?
- Anil Agrawal:** See our main products are oil, rice and wheat products because these are the products we are manufacturing in house.
- Umang Shah:** Okay, rest all is traded products?
- Anil Agrawal:** Yes, most of them are traded products right now.
- Umang Shah:** Okay, got it. So how much percentage of revenue would be from soya as a whole, I mean each and every product of soya?
- Raju Agrawal:** Soya we are producing soya oil, we have soya nuggets, then we have rice bran oil and sun flower oil. So, oil is one segment altogether. Then we you have different SKUs, see the sales pattern is different in different market.
- Umang Shah:** Just a trend sir, so that we can understand the future cash flows and future sales of the company, just to understand that what is your current revenue structure as per FY18? What was your contribution from oil and then rice?
- Raju Agrawal:** See as far as our branded sales is concerned, 80% of our branded sales is from oil and rice.
- Moderator:** Thank you. The next question is from the line of Vinay Saraoki from CRISIL. Please go ahead.
- Vinay Saraoki:** Can we get a sense of the number of employees that we have, Sanwaria as a group?



- Raju Agrawal:** The number of direct employees employed in Sanwaria would be around 250 people.
- Vinay Saraoki:** Because sir I was just looking at the numbers and somehow the employee expenses appear to be quite low for the kind of revenues that we have been generating. So just wondering is it something that I am missing out here.
- Raju Agrawal:** Most of the employees are on contract basis, they work on contractor's payroll.
- Vinay Saraoki:** And which line item takes care of it from the P&L? Is it under other expenses? Which item does it include?
- Raju Agrawal:** It would be under plant expenses, operational expenses rather. Most of the under skilled and semi-skilled employees of our company are under the pay rolls of our contractor. So those are projected directly in our books.
- Vinay Saraoki:** I get that so we must be paying the contractors, right? So, I was just wondering where is that contractor's expense included.
- Raju Agrawal:** Yes, those are included in the manufacturing expenses.
- Moderator:** Thank you. The next question is from the line of SachinBhansal from Oracle. Please go ahead.
- SachinBhansal:** My question is regarding the retail store. Do have a timeline when you say that we want to expand to 100 stores within MP and 500 stores within India?
- Anil Agrawal:** We have a time-line of 2-3 years for expanding throughout India, but for MP and Maharashtra we have set a target of 1 year.
- SachinBhansal:** Since you just quoted that rather than 25 there are 28 stores that are operational and by the end of this month 5-6-7 more are going go operational. So was this not notified to BSE and NSE because we did not get any intimation about 3 more retail stores opening.
- Anil Agrawal:** No, we don't inform each and everything on Twitter and Facebook page and in BSE and NSE. If we find that something is significant, we will inform about the same, like 10 stores opening in a single day or if we complete some 50 stores.
- Moderator:** Thank you. The next question is from VikalpBhansal from Ericsson India. Please go ahead.
- VikalpBhansal:** This year the Patanjali part is how much of your revenue? And what is expected in the coming FY18-19 revenue?
- Anil Agrawal:** Actually, initially when we started with Patanjali, around 10-12 years back, we are supplying flour to them and all other commodities. But recently we entered an agreement formally, for



supply of Soya Badi. So right now, we are supplying Soya Badi to them and we are in conversation to supply the rice and oil.

- VikalpBhansal:** Sir how much is the revenue in numbers from Patanjali?
- Anil Agrawal:** No, it is a very small quantity because around 2 months back we have entered into agreement and we started supplying Soya Badi. So, it is not very significant.
- VikalpBhansal:** So what revenues do we expect this year in Sanwaria Consumer?
- Anil Agrawal:** In Sanwaria Consumer if you go to the past and we have a CAGR of around 20-25%.
- VikalpBhansal:** We are opening a lot of stores this year, we are increasing revenues, and we are exporting so it should be more than CAGR this year?
- Anil Agrawal:** No but as the management is conservative in estimates always so I am saying that we are supposed to maintain that 20-25% growth in the result.
- VikalpBhansal:** So, we see a PAT around Rs. 120 crores this year.
- Anil Agrawal:** I am saying that it will be in line with our CAGR.
- VikalpBhansal:** But after all those things what we understood during this Q&A, we have a more clarity towards how Sanwaria is being operated and but when I checked Patanjali Atta, Chakki fresh Atta in different stores I never see manufacturers name as Sanwaria.
- Anil Agrawal:** We had supplied to them earlier. But after this formal culture which is not a very old past in the Patanjali, so they started formally doing this agreement with this Soya Badi agreement.
- VikalpBhansal:** Okay so we are only supplying Soya Badi to Patanjali now?
- RajulAgrawal:** Right now.
- VikalpBhansal:** Okay so not much is expected from Patanjali this year?
- Anil Agrawal:** No, we are talking to them for supply of rice and supply of oil also.
- Moderator:** Thank you. The next question is from Amikesh Singh from HAL. Please go ahead.
- Amikesh Singh:** My question is regarding this QIP. So, I have read on the web that in 2011 also Sanwaria tried for raising QIP by the amount, I think Rs. 200 crore.
- Anil Agrawal:** No, we never tried after 2010 for any QIP and in 2010 also it was Rs. 100 crore.



- Amikesh Singh:** No, I have one article from 28<sup>th</sup> March, 2011 Economic Times where it says that, by Mr. Anil Agrawal, Sanwaria Group plans to raise Rs. 200 crore by QIP.
- Anil Agrawal:** Plans to.
- Amikesh Singh:** Yes plans, but it was not materialized, right?
- Anil Agrawal:** Yes, we have tried only Rs. 100 crore QIP in 2010.
- Amikesh Singh:** So, was that materialized at that time? Because I didn't get any article on that.
- Anil Agrawal:** SBI was the lead manager there, and initially they had promised us to take 30% anchor investor's share and after sometime they denied.
- Amikesh Singh:** Okay, so this time we have planned....
- Anil Agrawal:** So, the money that came in was around Rs. 40-50 crore from our efforts. We could retain that money, but the Promoter decided not to keep that money and cancel the QIP and return that money to the people. They cancelled the QIP.
- Amikesh Singh:** Okay this time they are planning to raise around Rs. 400 crore?
- Anil Agrawal:** Yes.
- Amikesh Singh:** Okay, so I believe process must have been already started by your company?
- Anil Agrawal:** Yes, we appointed the advisor.
- Amikesh Singh:** So roughly how much time it may take, in months?
- Anil Agrawal:** Actually, it depends upon the filing of the documents with the SEBI. So right now, we have not filed, our documents with SEBI. So once the document is filed then the time limit is 3 months.
- Amikesh Singh:** After filing with SEBI it will be 3 months. So, one more question regarding this, how much confident is Sanwaria management about QIP, in terms of getting participants for this QIP? I am not sure how to answer this one, qualitatively or quantitatively, just your opinion on this?
- Anil Agrawal:** Actually, this question can be answered by our advisor only, though we are confident and we know that this is value proposition for all the investor and stock holder both potential and existing. And we know that there is a big demand for good FMCG Company at the lower price. So, we know that is a big appetite and the rest can be answered by our advisor.



- Amikesh Singh:** Okay as of now, I believe that the process is yet to be started then we will come to know....
- Raju Agrawal:** Process is going on.
- Amikesh Singh:** But participation of different big house or any company is yet to be ascertained, right?
- Anil Agrawal:** We cannot say till we launch the issue, because when we launch the issue, then the anchor investor will be with us.
- Amikesh Singh:** Yeah but that will take some time, after calling at SEBI, right?
- Anil Agrawal:** Actually, the issue is that if you read today's Business Standard, so the SEBI and our regulator are worried because they have put up 109 scrips in the ASM and the prices of those scrips have fallen to a great extent and also the purpose for which these were put in ASM is not being served because all activities are running in those stock and price has also fallen. So, we are worried because of coming up script into those ASM, this QIP is delayed by say 10-15 days or 1 month. Because no investor will touch a script in ASM.
- Amikesh Singh:** Yes, probably sometimes scrutiny under surveillance might be the reason for people trying to stay away.
- Anil Agrawal:** Although I always say it is not a statement against the company it is only a regulatory measure.
- Amikesh Singh:** Yes, I read that particular circular. Okay my second question regarding the special issue, I think he has already answered, I just want a clarification that Rs. 100 crore, each share Rs. 35. So that money has already been infused or yet to be infused.
- Anil Agrawal:** It has been infused in the 31<sup>st</sup> March balance sheet. The problem is that SEBI are not giving the in-principle listing permission.
- Amikesh Singh:** Okay, are you using those amounts of money or yet to be used?
- Anil Agrawal:** It is within the company, so it is used.
- Amikesh Singh:** Yes, some sort of approval is still pending for that.
- Anil Agrawal:** Yes, they are not giving the approval, quoting some circular of 2015 or some regulation of 2015.
- Amikesh Singh:** Okay but that money is being used in your company but approval has been pending.
- Anil Agrawal:** We cannot allot the shares.



- Amikesh Singh:** It won't be like a shareholding pattern?
- Anil Agrawal:** If you do not get in principle approval from BSE/NSE we cannot allot.
- Amikesh Singh:** Suppose you get approval from SEBI, NSE/BSE so that will add to your share holding pattern? Is it so?
- Anil Agrawal:** How it can be added to our shareholding pattern before allotment.
- Amikesh Singh:** So, what is the loss we will be facing if you don't get in principle approval from the BSE/NSE? I believe that you are using that money.
- Anil Agrawal:** They are not allotted, those shares.
- Amikesh Singh:** I am confused here, you cannot allot promoters from those shares. But still money has already come into the company account.
- Anil Agrawal:** Yes.
- Amikesh Singh:** Okay, I am not sure how to ask question there also, but some bit of confusion here what you use our approval forms then, if you have already received the money....
- Anil Agrawal:** But we cannot allot shares,. It is a legal issue now. We are trying to solve through the help of legal person; advocates and solicitors.
- Amikesh Singh:** Okay, third and last question is regarding your employee expenditure. You told most of them are contract basis and it is under the manufacturing cost. So, this June quarter, there is no such manufacturing cost. I believe it should come under other expenses. Am I right?
- Anil Agrawal:** Yes, maybe manufacturing expenses included in other expenses or cost of purchases.
- Amikesh Singh:** Because there are total 6 type of expenditure you have maintained in your sheet and other 5 are quite easy to decide what exactly those are. Only the 6<sup>th</sup> is other expenses.
- Anil Agrawal:** It maybe in the cost of purchases and it maybe in other expenses.
- Moderator:** Thank you. Ladies and gentlemen, I now hand the conference over to the management for the closing comments. Over to you team.
- Anil Agrawal:** We can only say that we are doing everything possible to enlarge the value for all the stake holder, since last 25 years our company is listed and the promoters are trying to unlock the value from very inception and we know that most of our investors have earned the money,except those who have bought at recent value i.e.Rs. 20-Rs.25-Rs.30 level, we never





advise anybody for the buying the shares of the company. We never comment on the pricing or price downfall or price rise of the company. But we can only say that all the stake holders in Sanwaria are very happy and Sanwaria is going to perform good in future as well and that is a high target, but we are reasonably confident of achieving those targets as the management is very conservative in its approach and even in giving the targets. When I am saying that we will maintain the CAGR and we will be in line with the CAGR so we don't want to tell that we will perform better than the CAGR. We always say that our result will be in line with the CAGR. Thank you.

**Moderator:**

Thank you very much members of management. Ladies and gentleman thank you all for being a part of the conference call. If you need any further information or clarification please mail at [pratik@conceptpr.com](mailto:pratik@conceptpr.com) or [ankita@conceptpr.com](mailto:ankita@conceptpr.com). Thank you for joining us and you may now disconnect your lines.

**-Ends-**

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