

TRANSCRIPT OF THE 59TH ANNUAL GENERAL MEETING OF RSWM LIMITED HELD AT 14.00 IST ON THURSDAY 24TH SEPTEMBER, 2020 THROUGH VIDEO CONFERENCING/OTHER AUDIO VISUAL MEANS.

Surender Gupta: Good Afternoon. I, Surender Gupta, Company Secretary and Compliance Officer of RSWM Limited participating from Noida, welcome you all in the 59th Annual General Meeting of the company. I would like to inform you that the proceedings of this meeting are being recorded. During the meeting, the participants, apart from panelists, would be on mute. Participants should be aware, that according to the MCA and SEBI circulars, this meeting is being held through video conferencing and other audio video means, without the physical presence of the members. The deemed venue for the AGM shall be the registered office of the company, i.e., Kharigram, P.O Gulabpura- 311 021, Distt. Bhilwara, Rajasthan. Shri B. M Sharma, Joint Managing Director, Shri Shekhar Agarwal, Director, Dr. Kamal Gupta, Independent Director, Shri Priya Shankar Dasgupta, Independent Director, Mrs. Archana Capoor, Independent Director and Shri Amar Nath Choudhary, Independent Director are present in the meeting. Since Shri Riju Jhunjhunwala, Chairman and Managing Director is not present in the meeting and therefore, in accordance with the provisions of the Articles of Association of the Company, Shri B. M. Sharma, Joint Managing Director will chair the meeting. Further, Shri B. M. Sharma himself is interested in the Resolution No. 4 of the notice of the 59th AGM, therefore, Dr. Kamal Gupta, Independent Director, present in the meeting, will chair the meeting, for item No. 4 only.

Since this AGM is being held without the physical presence of the members, the facility of appointment of proxies by members under section 105 of Companies Act 2013, is not available at this AGM. The facility of joining the AGM was opened 15 minutes before the scheduled time of AGM and shall remain available for 15 minutes after the scheduled time. In compliance with the provisions of Section 108 of the Companies Act 2013, read with relevant rules and also with the SEBI (LODR) Regulations, 2015, the company has provided the facility of voting by electronic means to all its members to enable them to cast their votes electronically and the business would be conducted through e-voting. The company has engaged the services of NSDL for facilitating participation by the members at the AGM through VC or OAVM and remote e-voting including e voting during the AGM. Shareholders were provided with user IDs and passwords for the purpose of remote e-voting. The remote e-voting facility was made available to the members from 21st September 2020, 09:00 A.M to 23rd September 2020, 05:00 P.M. Members attending the AGM and who have not cast their vote by remote e-voting, are entitled to exercise their right to vote by e-voting during the AGM. The company had appointed Mr. Mahesh Gupta, practicing Company Secretary, as a scrutinizer, to scrutinize the remote e-voting, including e-voting during the AGM process in a fair and transparent manner. The results will be declared within 48 hours, i.e., on or before 26th September 2020, after considering the e-voting done today by members participating in this AGM and also the remote e-voting already done by the members. The results, along with the scrutinizer's report shall also be submitted to the stock exchanges, i.e. NSE and BSE and will also be placed on the website of the company.

The notice of Annual General Meeting and annual report were mailed electronically to the shareholders at their e-mail addresses registered with the company or depository participants by August 24, 2020. The members were provided an opportunity to inspect relevant documents accompanying the notice of 59th AGM. The statutory registers as per the Companies Act 2013 are

kept open electronically, for inspection by the members during the AGM. At this moment, we have 76 participants. Hence, the requisite quorum is present.

Now I request the Chairman to please welcome and address the members present at the meeting, and also to declare this meeting open.

B. M Sharma: Thank you Mr. Surender Gupta and Good Afternoon everybody. I, B. M. Sharma, Joint Managing Director of the company, joining this AGM from Kharigram, welcome the members to the 59th Annual General Meeting of the company. I would like to mention that in view of massive outbreak of Covid-19 pandemic, social distancing is a norm to be followed. Therefore, this AGM today is being convened through video conferencing or other audio-visual means. The company has taken all feasible steps to ensure that the shareholders are provided an opportunity to participate in this AGM. The requisite quorum is present and therefore, I call the meeting to order.

I welcome other colleagues of mine on the board of your company to the 59th Annual General Meeting. Let me ask the Directors on the board of the company to introduce themselves. First, Shri Shekhar Agarwal Ji:

Shekhar Agarwal: Good Afternoon everyone. I am Shekhar Aggarwal, a Director of the company. I am a member of the Nomination and Remuneration Committee and Stakeholders Relationship Committee. I am joining this Annual General Meeting from my office in Noida.

B. M Sharma: Thank you Mr. Agarwal. Dr. Kamal Gupta:

Kamal Gupta: Good Afternoon everybody. I am Dr. Kamal Gupta, an Independent Director of the company. I am Chairman of the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee. I am joining this AGM from my residence at Noida. Thanks

B. M Sharma: Thank you Dr. Gupta. Shri Priyashankar Das Gupta:

Priya Shankar Dasgupta: Good Afternoon to all of you. I am P. S. Dasgupta. I am an Independent Director in your company, and I am joining this video conferencing meeting from Dubai.

B.M Sharma: Thank you Mr. Dasgupta. Mrs. Archana Kapoor:

Archana Kapoor (AC): Thank you. Good Afternoon everybody. I am Archana Kapoor, an Independent Director on the board of the company. I am also a member of the Audit Committee, and I am attending this Annual General Meeting of the company from New Delhi. Thank You.

B.M Sharma: Thank you Mrs. Kapoor. Shri Amar Nath Choudhary Ji:

Amar Nath Choudhary: Good Afternoon everybody. I am Amar Nath Choudhary, an Independent Director of the company. I am member of Audit Committee and Nomination and Remuneration Committee. I am attending the meeting from Kolkata. Thank you.

B. M Sharma: Thank you Mr. Choudhary. All the Directors are present in the meeting except Shri Riju Jhunjhunwala, Chairman and Managing Director, and Shri Ravi Jhunjhunwala, Shri Arun Churiwal and Shri Deepak Jain Directors of the company who have conveyed their inability to attend the meeting due to health and other unavoidable reasons and have sent their good wishes and greetings to all the Directors, KMPs and members present in this meeting. We also have with us, the representatives of our statutory auditors Shri Yogesh Kumar Gupta Ji, from S. S. Kothari Mehta & Co. and Shri N. K. Lodha from M/s Lodha & Co. Shri Yogesh Kumar Gupta Ji:

Yogesh Kumar Gupta: Good Afternoon everyone. I am Yogesh Kumar Gupta, Partner with S. S. Kothari Mehta & Co. auditors of RSWM Ltd. I am attending this meeting from my residence in Faridabad. Thank you.

B. M Sharma: Thank you, Mr. Gupta. Shri N. K. Lodha Ji:

N. K. Lodha: I am Narender Lodha this side. I am Joint Auditor of the company. I am attending this meeting from my residence in Delhi. Thank you.

B. M Sharma: Thank you Mr. Lodha. We also have with us the representative from our secretarial auditor, Shri Mahesh Gupta. Shri Mahesh Gupta please:

Mahesh Gupta: Good Afternoon. I am proprietor of Mahesh Gupta and Co., Company Secretary, Delhi. I am attending this meeting from the Corporate Officer in Noida. Thank you.

B. M Sharma: Thank you Mr. Gupta. We also have Mr. Avinash Bhargava, Chief Financial Controller of the company and Mr. Surender Gupta, Company Secretary and Compliance Officer, who has already spoken.

The annual report of the company for the financial year ended on 31st March 2020, containing the standalone and consolidated financial statements has already been circulated among members of the company electronically. With your permission, I take it that you have gone through it. Auditor's report on the financial statements and the secretarial audit report of the company for the financial year ended 31st March 2020 do not contain any qualification, reservation, adverse remarks, or disclaimers. Accordingly, the reports are not required to be read out as provided in the Companies Act 2013.

Now, with your permission, I begin my formal address to the shareholders.

Dear Members, I feel delighted in welcoming you all to the 59th Annual General Meeting of the company. At the outset, I would like to present a overview of the state of economic conditions in the country as well as across the world with specific reference to textile industry. During FY 2019-20, India continued to go through a rough patch witnessing the steepest slump in growth. Its entry into FY 20-21 was marred by humanity's biggest crisis since World War II. All countries including India have been made to grapple with the Covid-19 pandemic and the huge challenges that it has thrown out, causing a great amount of uncertainty. Undoubtedly, the pandemic whose anti-dote is yet to arrive, has put the world economy currently at a major risk. The Indian economy has been hit hard by the ongoing pandemic driven crisis. There are primarily two major challenges that the

Indian economy is facing at this juncture. The first is to save the country's human assets from Corona virus or Covid-19, which is a health emergency. Saving lives is the most important and principle concern of the Government of the day. And second is to save the economy from unfolding economic uncertainty due to series of global and national lockdowns. The quarter 1 GDP numbers releases by the National Statistical Office (NSO) have truly reflected our concerns. The Q1 GDP has shunned by massive 23.9%, the worst since 1947, warning fears of recession. All major sectors of the economy, with the exception of agriculture, have reported subpar performance. The trend likely to be witnessed in the international arena would be no different. According to WTO, the world trade is expected to fall between 13% to 32% in 2020, thereby indicating contraction and possible recession. The textile and apparel industry has also witnessed multiple swings and challenges all through the value chain. As industry was coming back to life from the painful shocks of demonetization and GST, other negative economic indicators dampened its recovery. The pandemic forced leading global apparel brands to whittle down their operations, book massive inventory losses, and cancel new orders. Job losses and salary cuts across the globe impacted consumption, which evaporated demand for various products. However, the Government of India took timely action to propel the recovery by announcing in May 20, a stimulus totaling ₹ 20.97 lakh crore, which included initiation of moratorium in loan repayment as well as making available low cost funding by banks, tweaking country's export-import policies, rationalizing labor laws, expanding the definition of MSMEs and faster disbursement of the Textile Ministry's special funds to assist stressed companies in regaining their vitality and vibrancy, including those which are operating in textile space, RBI recently rolled out the restructuring package on the recommendations of Kamath Committee. The Government is also formulating the new textile policy 2020 to make the sector competitive, modern, sustainable, and inclusive. Your company has also taken various decisions and steps to overcome the challenges, which included rationalization of cost and monetization of investment and inoperative fixed assets. The company is also focusing on exploring new markets in the wake of economic slowdown at the existing consumption points and is also focusing on innovating the product mix and improving operational efficiency.

I now draw your attention to the overall performance of your company in financial year 2019-20. Despite the unprecedented challenges due to global economic slowdown, including subdued domestic market, your company geared itself and took all measures to withstand challenges, particularly in the second half of the financial year. Though the company recorded a lower turnover of ₹ 2771.03 Crore as against ₹ 2960.58 Crore in FY 19, partially due to lock down at the fag end of the financial year. The operating profit of the company improved significantly at ₹ 263.73 Crore as against ₹ 210.01 Crore in the previous financial year. Profit before depreciation also increased to ₹ 155.23 Crore against ₹ 90.49 Crore recorded in the previous financial year. The company also recorded profit after tax of ₹ 22.67 Crore against a loss of ₹ 24.27 Crore. in the previous year. On the operational front, the overall production volume was marginally lower than the previous year. The company did not incur any major capital expenditure on expansion and modernization program due to difficult economic conditions during the year under review, except the normal capex for smooth running of the operations of the company. However, ongoing implementation of ERP phase 2 at denim and fabric divisions was completed within its stipulated budget of ₹ 7 Crore.

Your company resumed operations in a phased manner at its plants with the permission of local authorities immediately after lifting of lockdowns. The operational capacity is gradually being increased and is expected to return to normalcy during the second half of the current financial year. Despite all challenges, your company is determined to strengthen its operations by streamlining the processes and rationalizing cost. Your company is financially secure to meet out its commitments and loan repayments during the current financial year. On behalf of the company and its Board of Directors, I assure the members that your company would continue to offer world class products to its customers. Company's design intelligence group (DIG), at its unmatchable innovation centers in Bhilwara and Banswara are committed to maintaining leadership in the field of product engineering. The company's policy on sustainability is testimony to its commitment to the protection of environment by recycling waste and converting it into wearables. The results of the first quarter of current financial year were adversely impacted due to lockdown across the country. Your company could achieve a turnover of ₹ 215.83 Crore as against ₹ 700.69 Crore in the corresponding quarter in the previous year. The company recorded a net loss of ₹ 65.74 Crore in the first quarter of current fiscal against the net profit of ₹ 27.58 Crore in the corresponding quarter last year. However, your company is making all efforts to leave behind the worst chapter in its history and to emerge stronger out of it. I am happy to share with you that company's yarn production facilities are moving towards 80% capacity utilization, as I speak with you today.

I also take this opportunity to express my sincere admiration and gratitude towards my colleagues on the Board for their valuable guidance and advice for managing affairs of this company. I am also thankful for the assistance and co-operation extended to the company by bankers, business partners and associates, the central and state Governments, particularly during this changeling time and all those who have stood behind us and shown solidarity. Above all, I would like to place on record my deep sense of appreciation for the committed service rendered by our human resources who have contributed at large in the best interest of the company. Thank you so much.

Surender Gupta: We have also received the request from four members of the company for registration as speaker shareholders at the AGM today. All those shareholders have been given a separate link to login and they shall be allowed to speak at the AGM when their name is called upon. We request the speakers to limit their speech for 3-5 minutes for the benefit of the other shareholders. The Chairman would be responding to such queries either at the end of the AGM or subsequently through email. If any member faces any technical issues, kindly contact the helpline number of NSDL as provided in the notice of AGM. Now, I would like to highlight to the speaker that when I take your name, your mic will be opened by the moderator of this meeting. You will have to also unmute the mic at your end and express your views or ask questions. Now I invite Shri Ashok Bachraj Jain, DP ID number IN 300239 and client ID number 16083658 who has registered himself as a speaker to express his views and ask questions. Shri Ashok Jain:

Ashok Jain: Am I audible and visible?

Surender Gupta: Yes.

Ashok Jain: Good Afternoon everybody. First of all, I am a bit worried because you had informed that our Chairman did not come because of health and other reasons. I hope it is other reasons and they are keeping good health. In case they have any problem with health, I wish them a speedy

recovery. I will ask you a question. I have emailed it to you as well. For the benefit of other shareholders, I will just read over. Sir, after reading your annual report, I want to share that in my successful career for around 4 decades, I have come across with very few companies who have the wisdom to admit their own mistake and the courage to think out of the box to rectify those. I am certain that if you walk your talk and God willing, you will become the biggest wealth creator ever seen by India textile industry shareholders. Thanks a lot for the very informative annual report, Sir. Sir, here are some of the queries. Sir, we have a very high manpower cost, power bill, interest bill, and a huge depreciation. What is the strategy planned to ensure about our long term sustainable, profitable growth? I hope that in the next downturn in the industry, you did not have to skip dividend and take moratorium. Second, there are some media reports about our ViroSecure fabrics currently making 20% of our current year sales. So, was reporting by some textile magazine by Mr. Shah, who is head of sales. How true are they? Also, there are reports about huge demand downfall in denim market. What is your view? Third, as you told, we may get a new textile policy soon which can have many schemes like PLI, duty rationalization of man-made fiber vs cotton, extra export benefits for apparels and yarn etc. Can this be a game changer for us and allow us to come back to our normal 13-15% EBIDTA margin because we enjoyed these margins for nearly many years in between 2013 and 16-17? Sir, do we see a normal H2 2021 as you told now that we are already enjoying 80% capacity utilization as life is leaping back to normalcy. And will softer crude and cotton prices help us achieve our normal prices? My fifth question Sir, we have been reducing our debt by selling non-core assets. As we still have some more room left, as stated in our annual report, what is the ultimate goal of debt-equity ratio? My sixth question Sir. We produce and sell gray yarns vs dyed yarns despite market reports that dyed yarns having better margins. Is there a scope for us to enhance production of yarns with better margins? There are many kinds of yarns which even you produce. I just want to know whether we can enhance the production of those yarns. Sir, last year we had a very low trade receivables compared to 18-19. This must have required a huge effort by you and the team in such a difficult market. Are you planning to take these efforts further because the textile industry is very notorious for having very high receivabilities and some clarifications needed on the balance sheet numbers? Sir, trade receivables loss allowances rose to ₹ 9.77 Crore that is almost double of the previous year. Legal expenses are around ₹12 crores even this is double of the last year. The RPT loan of ₹ 141 crore carry a very high interest rate of around 10%. I just want clarification on this. And please explain our hedging policy because we export a lot. We earned around ₹ 25.85 Crore from skill services. I just want to know about your LNJ Skill Care Company. What is the nature and future of these services? Thank you so much for your giving your kind patience to hear this.

B. M Sharma: Thank you Ashok Ji. You have put some very relevant questions. Before I start replying to your queries, let me assure you that there is no other reason except health for Mr. Riju Jhunjhunwala not to be here. So, he is undergoing treatment and rehabilitation post-surgery. That is why he could not attend. OK. Your question number 1 is related to manpower cost, power bill, interest, and a huge depreciation. These three are the major costs as far as our operations are concerned and the focus is on these three cost elements only. Textile is a labor-intensive industry. So, obviously the engagement of labor and workforce is actually more than the other. However, what should be the benchmark which we should keep in mind for engaging labor and all and what should be our manpower cost? If you see that our cost is around 12-13% and so is the cost of our peers also. We do a comparison with the companies which are in the same bracket, producing the same products. For almost apple to apple comparison, we compare our results and ratios with

Sutlej and Banswara Syntex. Now Sutlej in FY 20 has reported 15% manpower cost. Ours is 13%. KPR mills is another company. Its spinning unit has 13%. Banswara Syntex is 18.75%. Having said that, I agree with you. I feel that our cost is high, and I will explain further what we are doing about it. We have engaged NITRA actually for optimizing plant workforce and it is going to take atleast 6 months. They have already been here for 3 weeks. They have already done a study for one of the plants and the optimization job is currently on. In the last 6 months, we have brought down strength of white-collar staff from 1610 to 1529 by rationalizing our workforce. No new appointment is being made in the company. Replacements for resigning and retiring employee (s) is from the internal elevations only. We are also into the process of centralizing some back-office functions like procurement, vendor payments, and all this so as to reduce our manpower cost. And in the current financial year, there has been a salary cost optimization drive which will result in at least 20% reduction in our salaries. So, probably, in the subsequent quarters, you will see the result of it. Coming to the second cost element you touched, power bills, in Rajasthan, power cost is highest. The Government rate is ₹ 7.85 per unit. When we compare this with our peers who are operating in H.P. and J&K etc., their rate is 30-50% less. So, they have this advantage of at least 2% of their sales. That makes their profitability better than ours. Now, in Q1, when plants were shut or operating on 20-30% capacity, the ₹ 7.85 per unit rate of RSEB, taking into account all the fixed charges that we have to pay, whether we use or do not use, it comes to about ₹ 12 per unit in the first quarter. This is very steep. However, we have invested in 22-Megawatt solar unit which is coming at a very attractive rate and will pull down our power cost in subsequent months. Now, IEX highest rates in Q1 was ₹ 6.57 per unit, July ₹ 6.10, August was ₹ 5.94 and this month, it is around ₹ 5.95-5.96 per unit which will also help us correct our power cost. This month's average, as of now when I speak to you, is coming around the total average cost of is around ₹ 5.94 per unit. So, that should get reflected in subsequent results. Overall, if you see, Vardhman and Nitin are having power cost at 11% of their sales. Ours is around 12%. Most of the synthetic mills have 12-13%, other than those operating in states like J&K and H.P. Sutlej has 10% because they have their production facilities in these states. You also talked about the interest cost (finance cost). Our total debt in FY 18 was ₹ 1520 Crore. Next year, it went down to ₹ 1,441 Crore. and in the previous year, it was ₹ 1160 Crore. As of now, on 31st August, it was ₹ 1,069 Crore. So, the reduction in loan component in the last 3 years or so. As a result, we had a saving of ₹ 11 Crore in the finance cost in the previous year. We expect same quantum of savings in current financial year, i.e., FY 21 as well. You talked about depreciation i.e., ₹ 130 Crore. It is based upon the useful life of 9 years and 3 months that we take as a matter of prudence. I know that most of the textile companies are having a larger useful life and the depreciation charge in their P&L account is much less than actually what we provide. But this is something that we want to continue. Useful life is OK. As we are not going for any major capex in FY21, this charge will come down in FY 21 as some assets can get totally depreciated. You talked about ViroSecure. In fact, when we signed this agreement with HeiQ, everyone was looking for a solution to secure from Coronavirus. Now, we have also tied up with them and our intention is to go for 20% share in fabric segment. Unfortunately, there is no demand for formal wear as of now in this work-from-home new normal environment. Also, not much of production is taking place. All you can say is that fabric production centers are not operating even at 20% capacity as of now. So, as I speak to you, currently, it has not been achieved but that is our target. Whenever the market opens, Bhiwandi, few units actually started functioning but again, the section 144 was put in and it has again become non-operational. Now, so far as denim market is concerned, as of now, only 3-4 mills are operating at around say 50% capacity currently. The remaining 50 odd mills are

not operating even at 25% because there is no demand for brands. People are going for casual wear, T shirts, shorts etc. in work from home environment. But having said that, we have seen some upswing in the previous week, you can say last 2-3 weeks. In the Q1, we could only sell 11 lakh meter and July-Aug 17 lakh and this month, we will be touching another 10-lakh meter, as against 11 lakh meter we sold in Q1. Now, going forward, we expect good demand to come, mainly from international brands and the negotiations which are going on, are pretty good and encouraging as of now. Let me also share with you that when we closed down denim factory in the second fortnight of March, we had completely sold out program going up to May 15th. It is very unfortunate that we had to actually face this. You wanted to know about the new textile policy and its impact. Yes, it is going to have a very positive impact and we are pretty hopeful, in case changes which are talked about, not yet in public domain, but whatever is being talked about in the industry circles, we can see our EBIDTA margin jumping to a good level. In fact, off late, we have also noticed some sort of correction in the fiber prices. I am talking about synthetic fiber prices. On H2 outlook, currently, mélange yarn businesses are operating at 100% capacity, yarn business 65-95% with average 80%, denim is operating at 45% and fabric around 25-30% capacity. So, it is very difficult to say what the Q2 will be but what I can share with you is that Q2 is going to be much better than Q1. Going forward, as things stand as of now, Q3 is going to be better than Q2 and hopefully we should be breaking even if not doing better than that. At least, we should be breaking even and Q4 appears to be, as things come to normal, very profitable. It all depends how soon the consumption points reopen, we can say retail outlets, malls, and all those shops and single brand sales stores etc. Yes, softer crude and cotton prices is going to help us a lot in improving our margins. You wanted to know about reducing our debt component by selling non-core assets. Yes, we are still working on monetizing some non-core assets. But valuations currently are not very attractive to go for it immediately. That is very much in our thoughts and we will take action whenever we feel the right time to strike a deal. You wanted to know what the debt-equity ratio in our view should be. We are targeting around 1.5 and TOL /net worth around 2. That is our target. Let us see when we achieve it. Hopefully by the end of this financial year, we will be touching these numbers. Regarding your comments on grey yarn and dyed yarn, yes, dyed was the best profit-making product up to Feb 2020. As of now, the worst performing product is dyed yarn. There is no market actually for dyed yarn as of now. The capacity for grey yarn as of now is fully functional whereas dyed yarn is around 40%. We have created flexibility of around 20%. So, we can change the dyed facility. A part of that facility is actually being used for gray yarn as of now. Our goal for future is actually to produce maximum, actually 100% dyed yarn capacity to be operationalized. On trade receivables, yes, FY 19, i.e., 31st March 2019, we had ₹ 450 Crore trade receivables, which were able to bring down to ₹ 342 Crore in the subsequent year, I mean FY 20. And first quarter end, it was ₹ 285 Crore. We are making efforts to collect sooner, faster, and maximum, and even at the cost of offering some incentives, which our peers may not be offering. So, idea is to manage it and to improve our liquidity. Point 8 about trade receivable loss of ₹ 9.77 Crore. Well we made provision based on aging of inventory and aging of receivable. So, we feel that receivables are good, and we will be able to collect as soon as markets open, not immediately, if retail outlets are closed for 6 months. We know there are problems but as per the policy which have been mandated by the Board of the company and all, if any debt is there, which is outstanding for more than 90 days, we have to make provision for that and we make that accordingly and that's why this age based provisioning has resulted into additional provision of ₹ 9.77 Crore. As we collect these debts, this is reversed as well, and fresh provisions do come based on 90 days criteria. Legal expenses have a big jump of ₹ 12 Crore. I will respond to it when I touch this skill thing.

RPT loan of ₹ 141 Crore, when this loan was taken, we had taken as a corporate loan in FY 19 from Yes Bank, this was carrying a price of 12.75%. So, year back, replacing a secured loan of 12.75% with unsecured loan at 9 or 10%, I think was reasonable enough. By the way, as of now the price of this, because it was dynamic based on SBI's 1-year MCLR + 75 bps, the price of this ₹ 141 Crore. loan is 9.05%. The hedging policy you wanted to know, we are not into speculation or in derivative business. We go for plain vanilla forwards and we hedge 50 to 100 % of our exposure. We do no options, forward swaps etc. or any other derivatives. The last point which you talked about skill services, under Pradhan Mantri Kaushal Vikas Yojna, we are registered as one of the companies providing skill development services to unskilled and we got a revenue of ₹ 25.85 Crore. Since we do not have in-house infrastructure for doing this, we outsourced this and the cost of outsourcing is booked as legal and professional expense, which is coming as part of this ₹ 12 Crore, as you have highlighted. So, I think all your points stand clarified, if any other thing you want to know, you are most welcome to write to the Company Secretary and I would love to respond to that also.

Ashok Jain: Thank You so much.

Surender Gupta: I now invite Shri. Dilip Jain DPID number. IN300239 and Client ID 16033005.

Dilip Jain: God Afternoon everyone. I will just go ahead with my questions. Under new normal due to the pandemic, what shall be our break-even capacity utilization for yarns and fabrics?

B. M Sharma: Okay, its varying from 77 to 80% which we have already crossed now we are operating at 100% capacity.

Dilip Jain: OK. My second question is, have we broken even in Sept 2020? If we have broken even, at what percent of capacity utilization have we broken even at?

B. M Sharma: At what capacity we have broken even, I will only be able to tell you when the month ends. So far as this month is concerned, my mélange business units are operating, both the units at 100 % capacity. My yarn business units are operating at around 75%, average will be around 80 %, my denim is around 45 to 50% and fabric is around 25 to 30%. Let us hope, all depends actually, there is a lot of billing in last week of the month. Let us hope that we do well, we do break even this month.

Dilip Jain: Thank You for the response. My last question is, does the China plus one policy give us a big opportunity?

B. M Sharma: Its bit plus for us. In fact, companies which are exporting actually to Europe and US with labels that “not manufactured in China”. So, currently it is a tough call but going forward, yes with units actually moving their manufacturing bases from China to other countries, India will be a winner.

Dilip Jain: Thank you

Surender Gupta: I now Invite Shri. Rajat Rishabh from DP ID 1204470007325845. Shri Rajat Rishabh:

Rajat Rishabh: Namaste Sir. When do we expect the company to be debt free? What is the amount of the debt?

B. M Sharma: When the company will be debt free? Should a company be always debt free, specially in textiles? These are 2 questions. Say if we do not add any more capex and any more project as of now, in 4.5 to 5 years times, all the existing long terms loans will be repaid. But, taking a view of expanding the size of the company and all, there may be some additions in these 3 or 4 years.

Rajat Rishabh: More than what the debt interest we are going to pay to the bank and another people?

B. M Sharma: As I replied to the previous speaker, we are expecting at least 10 % reduction in the finance cost or more than that, maybe around ₹ 15 Crore something deduction in this year. Around ₹ 12 Crore deduction was there in FY 20, same at least you can expect this year also.

Rajat Rishabh: The Company has adapted all the cost cutting measures or whatever mistakes have happened in the last couple of years. If we iron out all the flaws, are you working at 100% efficiency now post Covid?

B. M Sharma: Currently not at 100% actually but that is our target. Hopefully in next quarter we can see that level also. We are targeting that.

Rajat Rishabh: We purchased the share at ₹ 464 in 2016. When we can expect same price now? I know it is a hypothetical question, but you can give me a hypothetical answer. I am not asking any commitment from you. We are just laymen who invested our hard-earned money. When can we expect the same level of share pricing?

B. M Sharma: Rajat Ji, it will be quite unfair on my part to suggest a shareholder at what time you should step in or step out. That is a call which can be taken by you in consultation with your investment banker and brokers. I am sorry, I will not be able give you a straight answer to that.

Rajat Rishabh: *Kuch answer dijiye Sir, Financial 21 March mein, FY 22, March mein. Jo itni improvement aap kar rahein hai company ki tarraki ke liye, ek itna valuation aana chaiye, assuming Covid bhi chala jata hai 2021 mein medicine bhi aa jati hai. Just ek...*

B. M Sharma: There are 100s of factors which determine and effect the market price. Not everything, in fact I can say 90% of it, is not in my control or anyone's control in the company. Our job is to take care of gaps which are there in the company and company's operations to improve our processes and to improve our profitability. Now, ultimately what price comes because of these actions and all is very difficult for me to predict. Honestly, I cannot, and I would not like to actually predict that price.

Rajat Rishabh: Sir, ek last question. Kya itna assurance that company is going full steam to turn it around.

B.M Sharma: Sir, as I replied earlier, let us see that Q4 should be a profitable quarter. It all depends, as of now the consumption points are still choked. So, unless malls are working, and we have a decent footfall that we had seen in the pre-Covid era and people start spending on products. There is another theory, someone is saying you can see pent up demand whenever malls open. We honestly wish for it and in case it happens, we can have a good Q4.

Rajat Rishabh: Apart from external factors, company has internally on the management side, financial side is plugging up all the loopholes.

B. M Sharma: The cost components which the previous speaker had raised, and all those 3 factors are very important. Yes, we are trying to correct all those 3 things. We are on the job.

Rajat Rishabh: Overall Sir, can we expect a rosy picture in Financial year March 2022?

B. M Sharma: I can say that. I will vouch.

Surender Gupta: I now invite, Mrs. Vasudha Vikas Dakwe DP ID No. IN 302679 and client ID number 33314087.

Vasudha: Good Afternoon Sir. My greetings to the Board of Directors and my fellow shareholders. Myself Vashudha from Bombay. I would like to congrats our company secretary for sending me the soft copy of this report well in advance which itself is clear and transparent. It is very much helpful for me to join this meeting. I would have given my questions to the email ID and the speech given by the Chairman and the answers given to previous shareholders; I do not want to ask any more things. With this, I support all the resolutions. Thank you very much Sir.

B. M Sharma: Thank you very much. So nice of you.

Thank you very much to all the shareholders who are attending this meeting and participating in the AGM. We have 5 resolutions for approval in this AGM under item number 1, as ordinary business to receive, consider and adopt the audited financial statements including audited, consolidated financial statements for the financial ended 31 March 2020 and report of Directors and Auditors thereon. The resolution is placed before the meeting to be passed as an ordinary resolution.

Item number 2 of ordinary business, to appoint a Director in place of Shri Ravi Jhunjhunwala (DIN 00060972), who retires by rotation being eligible, offers himself for reappointment. The resolution is placed before the meeting to be passed as an ordinary resolution.

Item number 3 ordinary business, to appoint a director in place of Shri Arun Churiwal (DIN: 00001718) who retires by rotation and being eligible, offers himself for reappointment. The resolution is placed before the meeting to be passed as an ordinary resolution.

Now at this stage, I withdraw myself and I request Dr. Kamal Gupta to Chair this meeting for item number 4 of the agenda.

Dr. Kamal Gupta: Item number 4 relates to a special business, as a special resolution. This is the reappointment of Shri Brij Mohan Sharma (DIN: 08195895) as Joint Managing Director of the Company for a period of 2 years, with effect from 7th August 2020. The resolution is placed before the meeting to be passed as a special resolution. Now I hand over the mic to Shri B. M. Sharma to chair the meeting for rest of the items.

B. M. Sharma: Thank you Dr. Gupta. Item number 5, special business, approval of the remuneration payable to Ms N. D. Birla and Co., cost accountants, Firm Registration Number 000028 as cost auditor of the company for the financial year ended 31st March 2021. The resolution is placed before the meeting to be passed as an ordinary resolution.

Members who have not cast their votes through remote e-voting or e-voting during the proceedings of this AGM are requested to kindly vote on the proposed resolutions, resolution number 1-5 of the notice of AGM. The e-voting module in the AGM is already active. The icon for e-voting is available on the screen which will redirect you to a separate window to the e-voting portal of NSDL. The e-voting facility is active and will be closed along with the closure of this meeting. Members may note that the results will be declared within 48 hours, i.e. on or before 26th September 2020, after considering the e-voting done today by members participating in this AGM and also the remote e-voting already done by members. To further inform that the results along with scrutinizer report shall also be submitted to the stock exchanges, i.e., NSE and BSE and will also be placed on the website of the company and NSDL. All the businesses set out in the notice of this meeting have been concluded and a time period of 15 minutes will be available for voting at the meeting. After which, the meeting will stand closed.

Thank you so very much for all the participation in this AGM. Stay safe.