

**TRANSCRIPT OF THE 61<sup>ST</sup> ANNUAL GENERAL MEETING OF RSWM LIMITED HELD AT 14.00 IST ON TUESDAY 6<sup>TH</sup> SEPTEMBER, 2022 THROUGH VIDEO CONFERENCING/OTHER AUDIO VISUAL MEANS.**

**CS**

Good afternoon shareholders. I am Surender Gupta, Company Secretary and Compliance Officer of RSWM Limited participating from Noida. Welcome you all in the 61<sup>st</sup> Annual General Meeting of the company. I would like to inform you that the proceeding of this meeting are being recorded.

During the meeting, the participants apart from the panelists would be on mute.

As the members are aware that in accordance with MCA and SEBI circulars, this meeting is being held through video conferencing or other audio visual means without the physical presence of the members. Deemed venue for the AGM shall be the registered office of the company at Kharigram, P O Gulabpura, 311021, District Bhilwara, Rajasthan.

Shri Riju Jhunjunwala, Chairman and Managing Director and CEO, Shri B M Sharma, Joint Managing Director, Shri Ravi Jhunjunwala, Director, Shri Shekhar Agarwal, Director, Shri Arun Churiwal, Director, Dr. Kamal Gupta, Independent Director, Shri Amarnath Choudhary, Independent Director, Shri Deepak Jain, Independent Director and Mrs. Archana Kapoor, Independent Director are present in the meeting.

Shri Riju Jhunjunwala, Chairman and Managing Director, will chair the meeting.

Further Shri Riju Jhunjunwala himself is interested in the resolution number 3, 4 and 7 of this AGM. Therefore, Shri B M Sharma, Joint Managing Director of the Company present in the meeting, will chair the meeting for the item number 3, 4 and 7 only.

Since this AGM is being held without physical presence of the members, the facility of appointment of proxies by members under Section 105 of the Company's Act, 2013 is not available at this AGM.

The facility of joining the meeting was opened 15 minutes before the scheduled time and shall remain available for the 15 minutes after the scheduled time.

In compliance with the provisions of section 108 of the Company's Act, 2013 read with relevant rules and also listing regulation 2015 the company had provided facility for voting by electronic means to all its members to enable them to cast their votes electronically. And the business would be transacted 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. Remote e-voting facility was made available to be members from Friday the 2nd September, 2022 at 9:00 AM and ended on Monday, 5th September 2022 at 5:00 PM. Members attending the AGM today 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 has appointed Mr. Mahesh Kumar Gupta, Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting process including e-voting during the AGM process in a fair and transparent manner.

The results will be declared within 2 working days on or before 8<sup>th</sup> September, 2022 after considering the e-voting already done by the members participating in this AGM and also the remote e-voting already done by members.

The result along with the scrutinizer's report, shall also be submitted to the Stock Exchanges that is NSE, BSE and will also be placed on the website of the company.

The notice of the annual general meeting and annual report were mailed electronically to the shareholders at their email addresses, registered with the company, or depository participants by August 10, 2022.

The members were provided an opportunity to inspect the relevant documents accompanying the notice of 61<sup>st</sup> AGM. The statutory registers maintained as per the Company's Act, 2013 are kept open electronically for inspection by the members during the AGM. At this moment, 70 participants have joined hence the requisite quorum is present.

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

Chairman Sir.

**Chairman**

Thank you, Mr. Surender Gupta.

Good afternoon, everybody.

I Riju Jhunjhunwala, Chairman and Managing Director of the Company joining this AGM from Noida welcome the members to the 61st annual general meeting of your company.

I would like to mention that in view of the continuing COVID-19 pandemic 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 the AGM. The requisite quorum is present and therefore I called the meeting to order.

I welcome all other colleagues on the Board of your company to the 61st annual general meeting. Let me ask the Board members, one by one, to introduce themselves.

Shri Ravi Jhunjhunwala.

**Mr. Ravi Jhunjhunwala**

I am Ravi Jhunjhunwala. I am participating in this meeting from Bhopal.

**Chairman** : Thank you. Shri Shekhar Agarwal.

**Mr. Shekhar Agarwal;**

Good afternoon. I'm Shekhar Agarwal, a director of the company and I'm joining his meeting from Noida.

Thank you. Shri Brij Mohan Sharma.

**Mr. Brij Mohan Sharma**

Good afternoon, everybody. I am Brij Mohan Sharma, joint managing director of the company. I am joining this AGM from Kharigram, Rajasthan. Thank you.

**Chairman**

Thank you, Mr. Sharma. Shri Arun Churiwal. He's on mute. Let's go ahead and I will tell him to join.

OK, I can see him Mr. Arun Churiwal. Thank you, Mr. Churiwal. Dr. Kamal Gupta.

**Dr. Kamal Gupta**

I'm Kamal Gupta, participating in this meeting from Noida. I am Independent Director of the company and Chairman of the Audit Committee NRC and SRC. Thank you.

**Chairman** : Thank you, Dr. Gupta, Shri A N Choudhary.

**Mr. Amar Nath Choudhary**

Good afternoon. I'm Amarnath Choudhary, an Independent Director of the company. I am member of Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and CSR Committee. I'm joining AGM from Calcutta.

**Chairman** : Thank you, Mr. Choudhary, Mr. Deepak Jain.

**Mr. Deepak Jain**

Namaskar. Myself Deepak Jain. I'm an Independent Director of your company and I'm joining from New Delhi.

**Chairman** : Thank you, Deepak, Mrs. Archana Kapoor.

**Mrs. Archana Kapoor**

I am Archana Kapoor and good afternoon to all of you. I'm joining this AGM, the meeting from my residence in New Delhi. Thank you all.

**Mr. Arun Churiwal**

Riju, can you hear me now? Yes, I can.

I am Arun Churiwal. I'm attending this meeting from Mandawa, Rajasthan.

**Chairman**

Thank you. Thank you everyone. All the Directors are present in this meeting except Shri P S Dasgupta, Independent Director of the company, who has conveyed his inability to attend this meeting due to some unavoidable reasons and has sent his good wishes and greetings to all the Directors, KMPs and Members present in the meeting.

We also have with us the representative from our statutory auditors Shri Yogesh Kumar Gupta, M/s. S S Kothari Mehta & Co. and Shri Gaurav Lodha of Lodha & CO. Shri Yogesh Kumar Gupta.

**Mr. Yogesh Gupta**

Good afternoon. I am Yogesh Kumar Gupta. Audit partner with S S Kothari Mehta & Co. the auditors of RSWM limited. I'm attending this meeting from my office in Delhi.

Thank you Guptaji. Shri Gaurav Lodha, M/s. Lodha & Co.

**Mr. Gaurav Lodha**

Good afternoon, Sir. We are Joint auditors of RSWM Limited and presently I am attending this meeting from my office at Delhi.

**Chairman**

Thank you, Mr. Lodha. We also have with us the representative from our secretarial auditor Shri Mahesh Kumar Gupta, Mahesh Gupta & Co., Company Secretaries, New Delhi.

**Mr. Mahesh Kumar Gupta**

Good afternoon. I'm Mahesh Kumar Gupta, proprietor of Mahesh Gupta & company, New Delhi. I'm attending this meeting from my office.

**Chairman**

Thank you, Mr. Gupta. We also have Mr. Avinash Bhargav, CFO of the Company and Shri Surender Gupta, Company Secretary and Compliance Officer, who has already spoken.

The annual report of the Company for the year 31st, March 2022, containing the standalone and consolidated financial statements have already been circulated to the members of the company electronically. With your permission, I take it that you have gone through the same. The Auditors' Reports on financial statements and Secretarial Audit Report of the company for the financial year ending March 31st, 2022 do not contain any qualification, reservation, adverse remark, or disclaimer. Accordingly, the reports are not required to be read out as provided in the Company's Act, 2013.

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

Dear Members very good afternoon to all of you again. On behalf of the Board of Directors, I would like to extend a warm welcome to all of you at the 61st annual general meeting of RSWM Limited.

I thank all the Members who have joined this meeting today and I hope you and your families are healthy and safe. The past couple of years have seen the importance of health and sustainability increase amongst our customers, consumers and indeed all the stakeholders.

The collective corporate willingness to work together to do better for people and planet has never been as strong.

At the outset, I would like to present an overview of the state of the economic conditions prevailing in the country, as well as across the textile industry.

Prior to the Russia Ukraine war the world economy was on track for a strong but and uneven recovery from COVID-19. The conflict in Ukraine and the supply chain disruptions because

of the shut down in China due to the zero COVID policy are dealing a serious blow to the recovery globally.

Global growth is expected to slump from 5.7% in 2021 to only 2.9% in 2022. Inflation has increased globally but by how much varies by country to country. It is seriously high in economies where buoyant demand is there, tighter labor markets and rate of wage increases are amplifying the food and energy price shock.

The confluence of headwinds arising from geopolitical uncertainties, sharply rising commodity prices, supply shortages, disruption in trade and financial transactions and last, but not the least a possible slowdown of advanced economies have deteriorated the economic fundamentals of most emerging economies and India is no exception. We believe these risks are not strong enough to deny India an economic rebound given the domestic demand, potential services export opportunities and its emergence as an attractive investment destination in the manufacturing space.

The optimism about India's economic recovery remains intact and India is expected to be the fastest growing economy of the world. After recording the strongest GDP rebound in G20 in 2021, the Indian economy is progressively losing some momentum as inflationary expectations remain elevated due to global uncertainty.

Real GDP is projected to grow by 6.9% in the fiscal year 2023 and 6.2% in FY24, despite a pickup of the corporate investment facilitated by the production linked incentive (PLI) schemes of the government. This will ensure that India reigns as the world fastest growing economy over the next few years, driving world growth even as several major economies brace for themselves for a slowdown or possibly a recession.

Something little more about the textile industry specifically. The global textile trade has been dominated by China owing to its huge scale leading to cost competitiveness and duty free access to large markets. The global textile market size is expected to reach US \$ 1014.12 billion by 2028.

The market is expected to expand at a CAGR of 4.4% from 2021 to 2028.

The sustained growth of textile industry was thwarted by the pandemic. In 21 FY21, the demand collapsed, Operations stopped at manufacturing units, including ours and delivery commitments went awry. In FY22, the textile industry had a spectacular bounce back with renewed vigor.

The dry pipeline across the globe and in India, owing to a dismal 2021, created a lot of pent up demand which spiked up the volumes. Also, the China plus one sourcing strategy adopted by a majority of the Western world resulted in surge in demand for products across the textile field from a global perspective.

After 3 disappointing years, again from a global perspective, India's textile exports vaulted to \$44 billion in FY22 compared to 33 billion in 2021. The COVID pandemic triggered the redistribution of global trade shares and a recalibration of sourcing patterns providing a golden opportunity for the Indian textile industry to stage a turn around and regain a leadership position as one of the leading export economy.

The Indian spinning industry has gone from strength to strength since the very long time as it has been the hub of Cotton manufacturing. Cotton is not only consumed to the highest extent in India, but it has also become one of the most profitable textiles in the export industry. It has already reached a phenomenal status in India by beating the obstacles that caused the downfall since the past few years and is on its way to cover a wider area in this spinning sector.

According to ICRA estimates, the domestic spinners should register a healthy growth in business volumes in 2023 as well, amid a shift in preference away from the Chinese Xinjiang cotton. The demand for man made fiber MMF and yarn surged at a healthy uptick in 2022, after a sharp decline of over 20% in volumes owing to the pandemic and consequent fall in buying activity. The increased volumes were supported by both the domestic and export demand. The Indian textile scenario is interestingly opposite to the global trend. The size that the current global market or man-made fiber garments & made-ups is nearly 0.8% only of the global market of man-made fiber. MMF textile industry in India is self-reliant across the value chain from raw materials to garmenting.

The last few years have redefined the textile industry with the denim sector going through a big revamp in terms of the fits and fabric construction. The Indian denim industry has evolved significantly with ever changing fashion trends making their way into the utility driven products. India is the second largest manufacturer of denim in the world after China. India's denim industry today finds itself in odds due to exorbitant cotton prices but the strong demand is quite supportive for future growth.

In the coming years the benefits of the government's numerous initiatives to strengthen the textile industry in the country are likely to trickle down to the Indian denim industry as well and assure its stable expansion which will further be fueled by the various demand drivers for this sector in India.

Textile India textile industry in India continues to be dominated by cotton, accounting for 3/4 of the fiber consumption in the country. Globally, the fiber consumption is dominated by man made fiber, having 70% of share in the total fiber consumption. So it's opposite in India. Contrary to the global trend fiber consumption in India is Skewed toward natural fibers with around 65% share, specially cotton.

Little bit about RSWM business. FY22, which started as a disaster owing to the lethal and second fatal wave of the pandemic, the company bounced back rather sharply to post a healthy growth in business profits and profitability.

For RSWM FY22 will go down in our journey as a year when we broke all barriers that held us back for a decade. We put in place robust mechanism that would help us take the organization to the next level of growth.

RSWM's Yarn Division's financial performance in 22 was phenomenal. It was the best year as the team surpassed all previous records of production and performance. Headwinds appeared in the last quarter of an absolutely dream run in 2022 owing to the sharp and ad hoc increase in cotton prices which had a rub off effect on other man made yarns as well.

FY22 was a good year for the denim vertical as well. Since demand continued to remain robust throughout the year, the unit remained overbooked despite the commissioning of 7 lac meter a month during the year under review.

RSWM realizes the importance of changing business environment and framing the blueprint with growth, profitability and delivery as its centerpiece. To fight the challenging environment and counter the risk associated with it, RSWM has adopted a quite comprehensive and integrated risk appraisal mitigation and management process.

Now I draw your attention to the overall performance of your company in 21-22. Despite the menaces of the second and 3rd wave of COVID-19, FY22 was the best year for RSWM in its business history with financial numbers that surpassed all previous records. The company's revenue increased by 64.12% from 2326 crores in FY21 to 3817 crores in FY22. EBITDA stood at 464 crores in FY22 against 215 crores in FY21 a rise of around 115%. The EBITDA margin also improved by 292 bps to 12.16% in FY22 primarily owing to an improved yarn realization. Profit after tax in FY22 was at a record high level of Rs. 239 crores against the around Rs. 21.6 crores in FY21. This would have been higher had it not been for the sudden and irrational spike in cotton prices in the last quarter of FY22. Despite an uncertain start, we reported healthy profits. This vindicates the relevance of our strategy and accurate execution. Moreover, I feel very optimistic about opportunities of increased profitability that appear over the horizon.

Our way forward in 2023, we are utilizing the cash flow generated in FY22 to make investments in augmenting our facilities and capacities in value added segments of our business space. Additionally, we are entering new business spaces which hold the potential to sustain our business growth and profitability for years to come.

We are operational now into the knits space by setting up a state of the art unit at Mordi, Banswara. Additionally, we are adding 51,000 spindles to our existing fleet of spindles. These will be for generating high quality combed cotton yarn, the one of the best facilities in the world that you will see. Cotton yarn was always less in our overall percentage. We had a very small capacity and hence the presence in this space needed to be augmented.

We strategize to strengthen our presence in this space. Your company is also exploring the good opportunities for acquiring good stressed assets for inorganic expansions of the operations of the company.

FY23 appears to be indeed riveting. We will work aggressively to seize growth opportunities in India and across the globe 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. The company's focus on sustainability is a testament to its commitment to the protection of the environment by recycling waste and converting it into wearables. Now I would like to draw your attention towards the result of the first quarter of the current fiscal of 2022-23.

During the quarter ended 30th June, your company recorded a higher turnover of 1023 crores as against 741 crores last year. The company earned a net profit of 67 crores in the first quarter of 22-23 against a net profit of 37 crores in the corresponding quarter year before.

We are hopeful that the company would continue to sustain the momentum over the coming few quarters, building upon what we have achieved so far and executing our blueprint with discipline determination.

Your company would strive for improving its performance and the profitability in future to remain stronger, I am quite cautiously optimistic about our performance for FY23. I now take this opportunity to express my sincere gratitude towards my colleagues on the board for their invaluable guidance and advice for the management of the company. On behalf of your company's board, I also take this opportunity to express my sincere thanks and gratitude to all our bankers, financial institutions, central and state government, stake holders for their cooperation and support particularly during these very difficult and challenging times. Our employees who are part of our RSWM family are the real source of our success. I thank them for that. Last but not the least, our deepest gratitude to each one of you, our shareholders. I look forward going into the future to your ongoing support. Thank you.

## **CS**

Before we take up the business of the meeting, Sir we have also received requests from 6 of the shareholders, 6 members of the company have registered as speaker shareholders in the AGM today.

All those shareholders have been provided specific links to log into the meeting and they shall be allowed to speak at the AGM when their name is called upon. We request speakers to limit their speech to 3 to 5 minutes for the benefit of other shareholders. The chairman would be responding to such queries either at the AGM or subsequently through email.

If any member face any technical issue, kindly contact helpline numbers of the NSDL as provided in the notice of the 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 mic from your end and express your views or ask questions.

I now invite Mr. Praveen Kumar who has registered himself as a speaker to express his views and ask questions. Mr. Praveen Kumar. Please unmute yourself. Mr. Praveen.

Meanwhile if he joins later we will come on to the next speaker. I now invite Mr. O P Kejriwal. who has registered himself as a speaker. Mr. Om Prakash Kejriwal.

## **Mr. Kejriwal**

Yes, Sir. Am I audible sir? Yes, Sir. Thank you, Sir.

Good afternoon Sirji and good afternoon to everybody joining and attending the AGM. Myself Om Prakash Kejriwal, your equity shareholder from Kolkata, a city of Joy.

Thank you, Sir, for providing the platform to speak in this virtual AGM. Thanks to our secretary, Surenderji and his team for helping me for registration as a speaker shareholder.

Sirji, I am a very old shareholder of your company. It is my first AGM only due to virtual AGM. It is just an opportunity for us, a shareholder like me sitting in Kolkata joining the AGM.

Sirji Wow, what a year. Every shareholder will call the same, pronounced the same. Excellent performance sirji. Aapko bahut bahut badhai. B M Sharmaji ko bhi bahut bhaut badhai. Aapke sabhi employee ko bhi bahut bahut badhai. Mind blowing result. A record payout ₹25 per share dene ke liye. Aap logo ke dedication se ye sab sambhav hua hai. Sirji aapki 7 unit Rajasthan me hai. Bahut acchi baat hai. Aap logo ne hamare Rajasthan ko swarg bana diya hai. Sir ye green fiber kya item hai? Jo apne Ringus, Sikar unit me produce ho raha hai.

Sirji there was a news in media on 31st August 2021. Mayur sold to donier industry limited.

Donier acquirers Mayur Fabric, PV suiting global distribution network from RSWM. Is it right Sir? Please tell tell me what will be its effect on our revenue and profitability?

Sirji I am very old shareholder. I noted one thing, there is no consistency in our result. In financial year 2017-18, we delivered net profit ₹14 crore on standalone basis in financial year 2018-19 there was loss of ₹24 crore.

Next year, 2019-20 there was a profit ₹23 crore. In financial year 2021 there was a profit of ₹22 crore and this year that is financially year 21-22 Profit is ₹240 crore.

Sirji kya reason hai isme ye ham logo ak consistent kyu nahi rehta? Will you repeat the result of financial year 21-22 in current year sirji thoda bataiyega.

Please split the shares into 5:1 Sir. That is face value on ₹2 because Siyaram silk is also offered his face value of ₹2 our peer group.

So when we compare it, it will be better face value agar same rahega to ham log compare thik se better kar payenge.

Aise bhi sirji company Trident Ltd. hai Ludhiana ki unhone abhi corona kaal me unka daam 40 rs tha to unhone 1 rupiya me split kar diya. Aur uska natija ye hua ki vo 1 rs ka share jo hai vo 70 ka daam hai abhi 40 rs daam hai 1 rs ke share ka. To split se ye benefit hota hai to is pe vichar kariyega. Me aapko nahi bol raha hu ki bonus dijiye. Me aapko bolunga ki split kijiye.

Ye Maral Overseas Limited kya ham logi ki koi sister concern hai kya? Ek request tha ki me bahut puranana shareholder hu to agar plant visit kara sake to agar organize kare to mere ko invite kijiyega.

At last, Sirji, thank you very much. Please maintain your smile and remain cheerful. We will remain with you always as a long term investor.

Thank you. Thank you, Sir.

### **Chairman**

Thank you Kejriwalji. Thank you. I have written down all 7 points jo aapne raised kiye hai.

First point is what is green fiber? So green fiber is nothing but Jo aap plastic bottles se pete hai water, we recycle that into recycled polyester fiber.

So we first started this plant with the 50 tons per day capacity 7 years back in which we started recycling the plastic bottles and making them into fiber. That fiber ultimately goes into manufacturing of clothing or non apparel use.

So it is like you have the virgin fiber that we buy from Reliance. Similarly you have something called the recycled polyester fiber which is in use some similar usage.

Now our capacity for the green fiber is 120 tons per day. So 120 tons of bottles being actually converted into fiber that we consume 100% ourselves to make yarn out of that. That is point number one, point number 2, Mayur slump sale in 2021 what would be the effect of that? For us for the last 5 or 7 years, we were actually seeing that the Mayur branded Mayur fabric business was not growing in India. We had, we were unable to supply, focus on the supply chain, etc., brand building and all of that.

So this business was around 100-150 crore business for us, which was making or not making any profit in the last few years. In fact there were losses in this business and we kind of sold this as a going concern to Siyaram that time last year. Sorry, Donier and because of that that those losses will stop and the value consideration for this was not much, so it will not make much difference to the overall profitability. It was more or less at, you know, plus minus the stock that we had over there in Mayur.

Point number 3. What you can't understand is there is no consistency in on our results. Frankly, as a chairman I can see even I don't understand that the inconsistency in result because that is such an industry dynamics I wish. I wish our results would be more even if they are less than what they had last year.

If they are more stable, there would be much better for everyone. However, the last 5 years have a bit more and they've been a bit more unstable because when Corona started you can imagine all our factories, all these 7 or 8 units were completely shut down.

There were large fixed costs, we had to retrench lot of employees etc. and all.

We have to take production cuts etc. And we did not know there would be light at the end of that tunnel. However, we did take a lot of steps so that the company could come out of that stronger because of which you are seeing in 2021 we managed to post a profit and in 2022 we have rebounded back. One reason for this inconsistency and results as they are highly commoditized industries.

A lot of it is dependent on the raw material prices, on the global textile front, how China behaves, etc. So really we are operating from our end except for those 2-3 quarters of the corona time in the last 5 years, we have operated at 100% Capacity.

Our full this thing is on new product development, on having the best quality, the best quality customers. So from our company side, we are doing everything, but the yarn business you would appreciate is such a business that has so many ups and downs that even sitting in the month of September we cannot 100% forecast for the month of November, it could be much higher, it could be much lower. So that is the, you know the reason for the inconsistency in the results, but I will assure you that everything from the company side that we are doing the focus on performance, The focus and quality, The focus on predictability that does not have any inconsistency Whether the results are X or the results are Y.

The same amount of effort goes in from the company. 21-22 results you spoke about for the as your point number 4. I mean I really can't speculate on that because I kind of told you that I mean we don't know from month to month how things go. If things go as per what we are wanting, we should be able to post a healthy profit similar to what we had in 2021-22. But

yes, you could have vast variations between the quarters. So quarter one was very good. Quarter 2 can be whatever you can recover in quarter 3, quarter 4, but as far as we are concerned, the company should hold a decent profit for the year.

We will take your advice, we will take your advice to the board and we will take your advice to our CFO etc. to on the splitting of the shares.

And we'll take that into consideration for the future. Your last 2 points, Maral Overseas, yes. It's a sister concern of ours. It's a unit of the LNJ Bhilwara group and it's a separate publicly listed company to RSWM. They are also in the business of integrated this thing from cotton yarn to cotton fabric to garments and it remains our sister concern, and we have a lot of things in common as far as the company is concerned in terms of being part of the same group and last number, Last but not the least, I will request our Company Secretary to take it up with you one on one and we would absolutely welcome you to visit. Any plant of ours at any time of your convenience and the company will take care of all of all expenses, everything related to your plant visit and hopefully you will learn much more about our business and give us some good feedback once you have visited those plants. So from my side, you are welcome to be in touch with Surender Gupta Ji and for him to organize the plants visits for you. Thank you.

Surenderji you are on mute.

**CS**

The next speaker is Mr. Saket Kapoor.

**Mr. Saket**

Namaskar sir. Yeah. Thank you, Sir. Saketji please go ahead sir.

Namaskar Jhunjunwalaji and thank you for this opportunity, Sir. Firstly, and Sir as you have mentioned, it is, it is the cyclical nature of the business that is not allowing us to even visualize how things are going to shape up going ahead, so would like to understand that as the Q1 performance have been how if you could give us some more color how are we into the regarding the last 2 months of the second Quarter. In terms of our utilization levels, in terms of the demand scenario, if you could give some color on how things are shaping up for the last 2 months of this, this quarter, because we are now 2/3 of the quarter and how things are in the horizon. So that would give us some understanding what, what, what lies ahead for us?

Sir in Q1 we have seen this built up in inventory. If we look at the numbers there, there's a significant inventory around 55-56 crore. So what could be it was, was it because of the cyclical nature only and the seasonal factor or what had led to that how, how are the current inventory levels shaping up, if you give us some understanding on the utilisation levels, we can understand how the inventories are going to appear in in in which direction?

Yeah, Sir, over the period of time during the con call Bhargav Saab has mentioned about this higher power and fuel cost, the transportation costs and the other expenses putting pressure on the margins.

So what steps are we taking to rationalize cost on that front and also Sir you mentioned about in your opening remarks regarding the expand their new capacity, commissioning of the

capacity, I think the 51,000 Spindels as per the annual report so when, are the commissioning was expected in the first quarter. So taking into account the the business environment, how are when are we trying to Commission this capacity, work the way ahead if you could give some color and also in particular about the Denim business that you have mentioned in the annual report that things are really looking up ahead. So how is the fabric business going to Shape up sir because I think so for the first quarter the fabric business has EBITDA positive. So is this, is this now going to be on a sustainable basis or what? What other steps or efforts are you taking where in the fabric division would also start contributing to the bottom line, also as being the contribution from the top line, but significantly at the bottom line was because of the factors which have explained and we have also overcome many of those, so if you could give some more color.

And about the stated part also Riju sahab you mentioned about CLC Corporation acquisition also in your annual report. So where are we in terms of that? And sir, since we are hosting con call and Bhargav sahab and other gentlemen are addressing to investors. So this is a very good, good move and we are finding the press release presentation also be very informative, so I congratulate the team for and I look forward for the continuity. So in during the call this time this issue about the rights issue was discussed in length by some of the major shareholder also. Or some of your interested shareholders which were including me, Sir, we we are we only wanted to understand as since this is our cyclical business and we raising capital in the form of a right issue at this time will lead to significant dilution of equity. So if you take the dividend payoff part.

On a on a paid up capital of 23.55 crore, precisely rounding up to 24 hours, we have given a payout of ₹20-25 that is above, around more than, more than 50 crore payout has happened for the year and we are now looking for a right issue of 200 crore. So sir abhi pehle hamne dividend distribute kiya hai. Dividend aapke income recipients jo hai aapke shareholders unko unhone us par tax pay kar diya. Ab aap capital raise karne ke liye doobara hamse fund ki requirement aayegi to agar aapka plan hai plan tha sir ki hame fund raise karna hai to aap usko conserve kar sakte they. Other than aapne jo tax incidence create kiya not only for us, also for the promoters, 50% is owned by you So it has It has created double taxation for us and and now to participate in the rights issue we have to arrange funds again So this this may create. This may create a pressure on the, on the equity which is listed. It may create it will create a dilution in valuation that will be detrimental for both the promoters and the non promoters. So so external commercial borrowings and other means of financing should be looked into.

Sir we have a significant portion of our earnings in export. So hame dollar terms me bhi loan lena pade iski bhi taraf se bahot sare rules RBI ne dale hai usme bhi hamara cost of fund unhedged me bhi significantly lower rahega than equity sir. I am not a finance guy but meri understanding ye hai ki equity to permanent hai sir jab taka aap equity buyback nahi karenge tab tak to equity aapki balance sheet me lag gayi hai. To equity raise karne ka tab samay hona chahiye jab sare upay close ho gaye ho, sare options bandh ho gaye ho. Ye sabse costliest chapter ho jayega sir.

Aap debt ki finance kijiye, aap apni rating pe pe work kijiye. Jaise aapne Riju sahab aapne categorically mention kiya aap business ko chalana kaise hai, operation ko kaise efficient pe lana uspe work kar rahe hai. Baki jo factors aapke hath me nahi hai aapke hath yarn prices

nahi hai, aapke hath me cotton prices nahi hai and currently what we have read is that there is a lot of confusion we are observing in the cotton prices just sliding down reading about report saying that 60000 ho jayega. Ya 50000 ho jayega. So this this creates confusion in in in your buyers also. This is the reason why facilities are running sub-optimum at some optimum level.

So these these things will going away going ahead, but if you go for equity dilution that will be permanent sir and since you are holding 50%. Sava so crore to sir vaise bhi aapki taraf se hi aana hai or remaining jo aapke investors rahenge unko pressure create hoga market me apna stock bech ke arbitrage lene ka. So so kindly rethink so kindly rethink. This this option. Or sir ye jaroor explain karne ki chestha kijiyege I'm just concluding ki aap kaisa dekhte hai remaining this month or this quarter?

Aur sir con call me agar samay ho Riju sahab to aap bhi thodi der jaroor present rahe. Ki aapke investors ka feedback directly kiya ja sake sir. Hamara bas yahi anurodh hai sir. This is all.

If I have any follow up Sir, please allow.

### **Chairman**

OK. Thank you, Saketji. I think you've raised some important points. I'll try to answer them to the best of my ability.

I think if you one going up to Q2, what you asked. See what we are seeing is by the end of Q1, we started seeing also a very move in terms of the inventory buildup and all that you saw, so going up to the month of June, we already see started seeing a bit of a slowdown in the entire market.

And this slowdown is not because of any other reason. They have a lot of global factors in play globally the demand has slowed down export wise the demand has slowed down and you will not believe. But then the cotton yarn segment it has become absolute mayhem right now where-in from positive EBITDA or I should say even in some cases Positive contribution companies have gone on to negative EBITDA and negative contribution. South of India is almost 30 to 40% shut in terms of their capacity.

Our company also, I mean going for going forward, everything looks to be in place, but because cotton prices you know went up as high as high to ₹115,000 per candy. Then they came down, but again they started firming up. So all this started creating a lot of confusion in the minds of the customer. And now you have cotton prices at the level of around ₹75,000 the candy.

The man made fiber, which is linked to the more to the oil prices. They again came crashing down. So there was a lot of, there will be lot of stock loss across the chain when the raw material prices started coming down. So in a Long story short, if I were to cut yes quarter 2, we are having a bit of a challenge in terms of the operation, in terms of the results, I cannot really forecast anything. Like I said, every quarter, every month you see certain change that for me to sit over here and tell you anything about next month also would not be fair. But the company is doing everything possible to make sure that quarter 2 also is a reasonably decent quarter for us, if not as good as the Q1. Of course, I mean we should be above board in the

quarter 2 segment, but that's also because your company RSWM is highly diversified. Cotton is only 30 to 40% of our business.

Rest of the business is the synthetic part and in the synthetic yarn we are seeing a good kind of demand in the Dyed Yarn segment which is kind of, you know, helping us tide over the loss, the significant loss in the cotton segment.

You spoke about the denim business, the denim business, we have expanded our capacity to around 27 Lac meter, we are operating at 100% capacity utilization. We have all the good brands.

We have all the local retailers in India working with us, but again, the denim business is the one which is most impacted by the cotton Prices, so right now when cotton prices have gone to an abnormal level, they are still hovering around 75,000.

Hopefully they will come down with the new season and all of that for India to some level. But right now you are seeing a very, very difficult time for the denim business also to remain profitable and to be you know fulfilling because at these prices of cotton it becomes absolutely unmanageable for any brand and also to buy much from us. So there is a challenge over there.

The power and fuel costs you spoke about, there's a lot of work that we have done on that. I mean we have a 46 megawatts thermal power plant operating all throughout for the last 12 or 13 years. Last year the cost of that went up to 15/16/17₹ a unit. Because of the coal prices.

Some months we were forced to run that particular plant because we were also supplying this thing steam from that from those boilers we have taken a strong decision to close that down and to have different boilers now for the denim business and for the knit fabric business. So that loss that we were incurring last year of around 4 to 5 crores a month, that loss has definitely stopped, so our power fuel costs will come down.

But then we are buying 100% of our power from the state of Rajasthan. Today we are buying at around ₹6/, ₹6.50, 60-80 paisa depending on unit to unit. It is anyone guess whether the state government tries to increase the cost of power or reduces the cost of power which does not seem to be a very firm certainty, but company is working on that. Our commissioning of the 2023 project, the 51,000 spindles at Lodha. It's absolutely on track, I mean if we are not trying to time the market because we cannot time the market on when the cotton yarn prices will become better, etc. So we are absolutely on track. We are not even one month behind our schedule to Commission the 51,000 spindles. On the acquisition front company is quite active in 2 or 3 NCLT bids, that is that we have put in. But that has its own challenges and that has its own timeline, and there's absolutely nothing that we can do.

We've given in our bids and as and when that progresses further, it's quite unfortunate that, something like this CLC thing which should have concluded probably last year at this time and anyone including us who would have got that unit could have really turned it around and really made some good profits in the last 7 to 8 months. Instead of that, because of some silly reasons, they've had a lot of delays and now I don't think you'll find many buyers for those. Because you know in a way if a textile company for spinning Unit is shut for more than one year at least in my opinion one should just consider it shut because there are lot of inefficiencies that you get along with that.

Thank you for your this thing, for the con call. We will continue to have that and I will also be present. Try to be present in most of them. And so will, Mr. Sharma.

On the rights issue, I will give you our view and then of course we will. We will discuss it internally. But our view is absolutely clear.

Your thing, I mean, we started this thing with telling that the textile business is extremely cyclical. They're they're very, very violent cycles that come. Like you saw in the Corona Times and all, when you really did not have hope that the company would survive, that continued for like 4 more months.

We have been in the last 4 or 5 years quite heavy on our debt equity ratio. It is not a very comfortable thing. It is only in the last 2 years because of the good performance of the company that the debt, equity ratio, etc. has come down. Now in order for the company to really keep growing and have some sustainable growth.

In terms of not have any debt equity ratio, which is above, let's say one is to one or 1.2 at any point in time because then one bad year, one bad year like a corona year or one bad year like we had in 2011 or 2010, I don't remember, can really make the whole position of survival of companies, very, very difficult. I don't want to name companies, but we have seen other companies which have gone into NCLT only because of this that the expansion plans were very, very high and the debt equity ratio, we don't mind that. RSWM would love to take on as much debt as possible because not only do we know that debt is a cheaper form of funding, but also state to state you get a lot of debt refund. So in the state of Rajasthan, for example, we get a 4 to 5% rebate on the debt that we pay. So obviously we do want to be as leveraged. But when they talk about being leveraged, it also means we have to be comfortably leveraged. We cannot go to a risk position of 1 is to 2 that we have seen in the company for the last for the many few years, we want to be a comfortable position and yes, we do have some very strategic and aggressive growth plans going forward for the company, which are on the drawing board right now, which are in preparation right now for which to go ahead.

The company will need to maintain a healthy debt equity ratio and obviously if we are taking this rights issue of 200 crores, we are assuming that we would be able to take 2 times that or 3 times that as debt into the company and fund new projects or new acquisition as we go along.

And absolutely, very frankly speaking again, we cannot time if we were to. It's a decent time for the industry. That is why we have tried to come up with its rights issue in bad times that we actually need the money. Then the doors will be shut in your face to actually kind of raise that money. So with that Philosophy we have gone ahead with the rights issue for this particular year and yes on the Dividend front and on the tax front, that is something we did not consider as much important as the long term feasibility of the rights issue for going forward to the company.

But yes, whatever the pricing of the rights issue, timing of the rights issue is something we can we will be sitting and of course, the final thing will come out soon.

But thank you for your recommendation, and this is, I mean, for allowing me to give you an opportunity, to give me an opportunity to explain the rationale of this rights issue.

Since 50% of that like you rightly said would be coming in from the promoter side as confidence capital into the company and the balance from the other shareholders and in any case, promoters will need to underwrite the rights issue. And we see it as a strengthening of the balance sheet to go forward and to have this capital available with us for the next 5 years to tide over any bad cycle so that the company has no stress on it. Thank you.

**CS** : So next speaker is Mr. R P Tulsian. Yes Mr. Tulsian you may go ahead.

**Mr. Tulsian**

Yes, Namaste. Aap sab ko bahot badhai. Ohh what a year. Kya jor dar aapne annual report pe chaapa hai. Ye Riju ji mene to last time guf- ta -gu hui thi meeting ke andar or I could not believe you are the chairman of the company. So young gentleman was speaking. Aaj to me maan to gaya hu na maan ne vali koi baat nahi hai. Lekin aap ka jo annual report me photo chapa hai me kahunga marvellous. Agar is par smiling aur di jati ye to bina smile ke hi premium photo ho raha hai. Me to kahunga hamari company ke hi brand ambassador ho jaye, ye photo hi. Sab paise bach jayenge advertisement ke. excellent. Aapki presentation, aapka annual report bahut sundar bana hai. Baar baar dekh raha hu. Subah se 6 baar dekh chuka hu. Aur ye dekh raha hu ki bina smiling ke itna damdar photo hai agar isme smiling aur pehna di jaati photo me to kya ho jaata. Gajab ho jata.

Anyhow, congratulations or ye photo ke sath figure jo hai vo to gajab ke hai bhai. Me calculate kar raha tha ki 100%. Increase hua profit me, 200%, 300% hua fir mene chodd diya. Kyu ki hazar se upar ja raha tha. Itna badhiya profit aapne raise kiya hai or sath me apne aur vol aga diya hai proviso ki do mahine ki bandgi ke karan aisa hua hai. To me soch raha hu ye 2 mahine bandh na hota aur kaam chalta hota to ye figure kahi 350 crore hoti.

Excellent performance lekin ek challenge hai aapko kyu ki shareholder tarif kam karte hai shikayat jyada karte hai. Vo ye hai ki aapne covid ke andar ye result nikala hai second wave me. Aur ab covid nahi hai dhyan rakhiyega, 22-23 me covid nahi hai to ham aapka result kya dekhna chahenge samajh jayenge aap. Performance isse better honi chahiye. Ye challenge hai. Tarif kam hoti hai hamare ye challenge rahega. Kyu ki company me agar 2 mahine ki shut down ke baavjud dikkato ke baavjud ye profit diya hai aur second wave ko bhi jhela hai employees ne. Performance excellent hai aapki. 25₹ dividend bilkul hajam nahi ho raha hai abhi bhi. Maaf kijiyega abhi hajam nahi ho raha hai kyuki umeed hi nahi ki thi itne bade dividend ki company se. Excellent performance hai aapka Q1 abhot hi accha hai. Aapne bhi apni speech me bhi kaha ye baat. Shikayat koi bhi nahi hai. Ek bhi shikayat nahi hai. Ha vo split vali baat aap jaroor apni meeting me dekhiyega board me. Ham koi commitment me aapse nahi chahta hu na me bonus ka commitment chahta hu. Aur right issue ke baare me Jayda discuss nahi karna chahta. Aap already iska javab de chuke hai. Aur ek acchi baat mujhe usme ye lagi ki jo silver line hai ki aap debt ke jayada favor me nahi hai. Kyu ki debt se position naturally kharab ho jati hai. Agar debt se bacha jaye ya promoter confidence equity lekar aata hai to ye mai win win situation manta hu. Halaki right issue ke baare me mera thoda sa personal vo hi hai. Ek baar aapne hamse tax lagva diya, ek aapne tax de diya, ghar me kya bacha. Agar us par aap gor karte aage to aage ke liye tax ko bhi jaroor dhyan me rakhe, Aur aapka ek jo tax lag raha hai is baar 49 crore aap bhi tax de rahe hai is ko bachane ka tarika soche. Me koi illegal kaam karne ke liye nai keh raha hu. Ham to dekho baniye hai ham to kehte hai ki government ko tax jab do jab majboori ho. Agar vo R&D kar sakte ho kyu ki aapke pass Dr. Kamal Gupta bethe hai aur bahut badhiya associate Lodha & Co. hai.

Ye sab apne aap maharathi hai. Inki salah ka fayda uthaye. Ki kaise ham tax 0 kar sakte hai. Me to 0 tax ki baat kar raha hu thoda bahot tax ki baat nahi kar raha. Kyu ki government not permit us not to pay tax. Agar ham koi investment karte hai vo planning jaroor dekhi jaye is saal ke andar ki ham tax se kese bach sakte hai. Aur aapko badhai agle saal ke liye, aur me ummee karta hu ki company ka board aapko brand ambassador banayega. Kyu ki ye photo bahut shaandar hai. Annual report bahut shandar hai lekin secretarial team aapki jara sakht hai. Surrenderji ki team hai me unki shikayat kar raha hu ye itne sakht hai ki aisa lagta hai ki bahut oath hai inko corporate governance ki. Agar inse phone karke ye puche sirji ye aapke result aa chuke hai to bhej sakte hai. Vo kehte hai ki nahi 48 ghante nahi huye hai. 48 ghante ke bada hi isme me kuch bol paunga. Really aisa sun ne me bahut accha lagta hai. Ki hamari company ki corporate governance itni jabardast hai. Lekin thodi narmi bhi rakhiye mere bhai. Narmi bhi jaroori hai. Itna sakhat mat hoiye. Chairman saab itne naram hai to lekin secretarial department ka ek baat jaroor hai mere jaise senior citizen ko enabling banaya aur me aaj aapse guftgagu kar raha hu. To ye me aapke secretarial department ki vajah se kar pa raha hu. Unhone pura setting rakkha hai aisa ki me aapse baat kar sake. Dhanyavad again aur me ummeed karta hu RSWM agli baar nai laeer khichegi aur ye profit ye growth jo GDP aapne dikhai hai. Growth, Profit and Delivery me samjta hu Rijuji iska pura dhyan rakha jayega. Thank you very much. So nice of you.

### **Chairman**

Thank you Tulsianji.

Me aapke 1-1 point thoda sa le leta hu. Usme aapne baat kari increase in profits last year compared to the year before mere khyal se ye thoda ek anomaly hogi because year before was Corona year jaha aapki 6 mahine to unit bandh hi rahi thi more or less aur very little production to vo aapne percentage ki baat kari 100%, 200, 300 uske baad 1000% increase in profit jo ho gaya ek baar vo ek tarah se we should see it as a one time increase in profits.

You are right, we have no excuse in 2023. Otherwise all the companies have all the excuse. 2021, me aap kisi se baat karo sab corona bolke everything else is forgotten.

But I can assure you ki whether it was 2021 or 2023 from the company side, from the effort side on the productivity, Production, quality, customer, etc. There is no difference in the effort we are putting whether it was 2021 or it was 2022 or 2023. So we will have no excuses but after saying that, I have to say markets are markets. We will give 100% effort from our side, but balance 80% of the profit comes only from the market or aaj ke din jo situation hai vo thik hai thodi volatile hai.

But we expect that going forward India will have a significant advantage because aaj aap Pakistan ki baat kar lo. Their cotton growth is 50% less. Aap USA ki baat karlo or their cotton growth is 30% less.

People are talking about China's cotton growth being 20% less and in India we are expecting a bumper crop this year.

So if global prices of cotton remain very, very high and India's crop is bumper, we should have an advantage going forward. Ye 2-3 mahine difficult hai. Hamesha vaise difficult rehte hai. Is baar thode jyada difficult hai.

But we should see a good comeback in quarter 3 and going forward in quarter 4, then all our production units will also be in operation.

And with oil prices seemed slightly softening, the MMF prices are also now settled down. So man-made fiber, which is around 60% of our business, that should also settle down.

Thank you for your this thing ki dividend, healthy dividend, we also OK every year we should be in a position to give out a healthy dividends.

I would like to again say that it is not that the company is not in favor of debt. We are 100% in favor of debt. Our cost of debt becomes 3 to 4% after we see the all the rebates that are given by the state government and we would like to be as comfortably leveraged as possible.

But yes, because it's a cyclical business, you do not want to cross a particular this thing and you spoke about Dr. Gupta, Mr. Tulsian and all with their efforts. What we try to always do is to come to right debt equity ratio that the company should have.

In case you have one or 2 bad years by chance agar 1-2 kharab saal ho jaye to company should not come under any stress. We should only take that much debt.

And on the tax front we will try to take your this thing and see have a special session with our finance team with Avinash Bhargavji to see how we can do some better tax planning for this particular year.

In whatever ways, we are also of the same opinion and thank you for your comments on our good corporate governance. I hope that continues.

Regardless of the situation. Whether the company is in good profits, bad profits, or whatever here, our corporate governance and our ethics should never change. Last but not the least, thank you very much for your this thing on this thing, if the Board of Directors want to make me the brand ambassador for anything, I'm more than happy to do so with the smile.

**CS** : Now, I made Mr. Praveen Kumar the first speaker who has come back now. Please Mr. Praveen Kumar.

**Mr. Praveen**

Sir I'm audible sir? Yes, hello.

Sir a very, very good afternoon to my respected chairman, well decorated esteemed board of directors and fellow shareholder who joined this meeting. I am Praveen Kumar joining this meeting from New Delhi. Sir, thank you, respected chairman Sir, to giving me the second chance.

To speak my view and express for company, first of all, Sir, thank you very much. Respect to chairman sahab for your detailed in depth speech, people. Almost everything the world scenario on textile industry or home environment in textile industry.

During covid time also talks so many hurdles we faced, but still you come out as a winner, as a winner, as a winner. That is, that really shows your dedication, your hard work, your focus approved to bring sustainable growth to us minority shareholders.

Sir one more thing which is very, very remarkable. And part of this company for more than a decade and over the period of time Sir, what I observe is, I love to thank our entire group for acknowledge us proud to be Indian and privileged to be global sir.

This jis business ki niv itni nek niyat se rakhi ho vo hamesha grow hota hai. hamesha grow hota hai. Aur hamesha sustainable rehta hai for long term. Sir me hamesha aapki investor friendly approach rahi hia un chizo ko me hamesha salute karta hu. Aur jitna bhi aaj aapne agenda me resolution set out ki hai un sabhi ko I put my accent.

I supported all the resolutions sir.

And earlier my you know speaker have a very very healthy interaction with you. You've given them all the you know proper answer and I also acknowledge I also knowledgeable by receiving your answers. Sir, I really don't have any question. I just have the complement, complement, complement, Sir.

Something which I truly, truly like about you sir. A very, very energetic and during the course of the meeting, your smile is intact.

So I pray to the Lord that it will remain so for entire life sir. And sir very, very remarkable comment, which I love to bring to the entire house and part of the units industry also. And I welcome Deepak sir here he is also very, very important enthusiast like you. To inke jo input hai , which is very, very, very, very, you know valuable to us.

So I welcome Deepak Sir also and for a retail investor like us, Sir, the barometer of the company is also decided by the corporate governance, Sir.

Earlier my one of the speakers said that they are very, very hard and there was but sir you will see that we are bind by the timeline of you know SEBI and BSE and NSE sir so we have to follow that and they this is. This is Surrender Gupta known for more than a decade. And his entire team, Rastogiji and so on so forth.

Sir they're doing fantabulous jobs or whatever the event is we will get the notice well in time, Sir. And Sir, I just request to you.

The highest corporate governance I've ever come across in any company. Please do so in the future also, Sir. And I wish you all the health, wealth and happiness sir and a small request, Sir.

Please keep smiling. You look awesome and I wish all the very, very best to the entire management for giving me this platform so that you will take our company, Sir, I I request the Almighty who like enlightened you, so that you will take our company to the newer height.

Creating lots of wealth to the shareholder, to the banker. Thank you very much sir. Have a nice day. All the very, very best. Thank you. Thank you.

### **Chairman**

Thank you very much Praveenji and thank you very much for all your comments on the company. I can only assure you and I will always I mean, it's reassurance when someone

talks good about the company that the corporate governance, not only just the corporate governance led by Mr. Surender Gupta, but even all the performance of the company on a day to day basis, the management of the company by Mr. B M Sharma and the team under him.

All that will never see any decline in terms of our focus and our good intent towards doing good for the company and we will continue to do that. And also I mean thank you for inputs.

For our valuable board, including Mr. Deepak Jain and the other board members who are always guiding us to and to do better and to make sure that the corporate governance framework is firmly in place, we continue with that forever. That is my promise and pledge to you. Thank you.

**CS** : Sir that last speaker is Ms. Vasudha Dakwe. Who has just come back. Ms. Vasudha please.

**Ms. Vasudha**

Hello, can you hear me, Sir? Yes, yes.

Yeah. Thank you very much, Sir.

Very good afternoon, respected Chairman, Board of directors and my fellow shareholders. Myself Vasudha from Bombay. I would like to congratulate our company secretary for sending me the soft copy of the report well in advance, which itself is clear and transparent.

The opening speech given by the chairperson is also very excellent and informative. We are the very old share shareholders from the time of your Mayur brands or my family members are fan of this brand.

I would like to ask please look into the matter of our unclaimed dividend amount that will going to transfer to IEPF account as it is the hard and fast money of the minority shareholders.

Secondly, please highlights on charity and donation given on page number 176 as it is very high compared to the last year with this I support all the resolution. Thank you very much and wish the company all the best for the coming financial years and my best wishes for coming Dasher and Diwali festival. Thank you very much, Sir.

**Chairman**

Thank you, Vasudhaji. I think on the first question of the unclaimed dividend, I would request Mr. Surender Gupta or our CFO to just look into that and you know get back to you with on this query after this call of course, I mean if that is belonging to any minority shareholder that should be their property, not anyone else, is secondly on the charity, on the ratio. I mean the company is present in 7 to 8 different locations in remote places of Rajasthan. It has always been our from my grandfathers time to now to try and have a very sustainable and to have try and have a very, I mean meaningful relationship with our stakeholders which are not only the people present here, but with our labor, with the villages around and with all the places that our company is located in and to make an impact on society. So you know, we are guided by the obviously guided by the CSR norms which are 2% of PBT in terms of PAT to spend on CSR. But really very frankly speaking, if you look at

that and some years we are exceeding that amount on our own on donation and charity and this is to basically maintain our impact on our society around us, not only to our employees and shareholders, but also to the people who are in directly aligned with us.

And for that I think you know we'll continue to give you all the details in our balance sheet and there we will continue to go forward in terms of, you know, trying to make sure there is a healthy balance between profits and what we are giving back to society without actually hurting the rights of the minority shareholders.

Thank you.

You are on mute Surenderji.

**CS**

Sir there are 2 or 3 questions chat box. You would like to address them or I can read out? one second.

Yeah, yeah, you can.

One of the shareholder, Mr. Ashish Bothra, is there, a very old shareholder. He's saying that company's net profit is increasing only because of other income, as company performance is still lagging in terms of increasing profits.

**Chairman**

OK. No, last year we do have, the company did have some increase in the net profit because of the other income which was a sale of some land and you know being a 40 year old company this will keep happening from time to time in terms of you know realigning our asset base in terms of performance there was, absolutely No, I mean there was nothing from the company side that was lacking in terms of adding and happy thing if I mean we had some extra assets that could add to our net Profit and going forward also we'll try to keep seeing where you know some assets and all that are not being used for the company in productive gains will be open to kind of selling that and try to keep the EBITDA margin of the company as high as possible.

**CS**

Yes Sir. One question is from Vikas Chandrakant Dakwe is that very, very good afternoon to all. What is your next 2 Years Capex plan?

**Chairman**

So our next 2 years Capex plan, we have already kind of announced we were doing this 51,000 spindles that will start production next year. That is around the 310 crore project we just did our two expansions in our denim unit and we did our expansion in our Melange unit. 2 of them combined were around again 250 crore rupees.

And we spent around 100 crore rupees on our knit fabric business. So all these things combined, you are seeing the Capex of already around 800 crores which would be completed now by the first quarter of next financial year and we are already looking at certain ways, certain states where we can grow in the future and as soon as we are ready on paper and as soon as we have discussed that with the Board of Directors and got their approval that would

be made absolutely public, but yes, the company will be in a growth phase for the next coming 18 months, which is why the more the relevance of the rights issue etc. And you will keep getting informed as soon as we have this Board approval in place for any projects that we are planning today.

## **CS**

Sir one question is from Mr. Sunak Mayani and he says expected sales, operating profits and PAT for the year by 23. Debt reduction plan, why there is a disconnect with respect to raising funds, who writes and dividend distribution? I think you've already answered it, but in case you want to add further.

No, I think I've already answered it. And in terms of you know, forecasting 2023, it's, I mean I would not be the lying, if I could say that I can predict the future for the next year. We remain completely focused on our businesses and we remain completely optimistic about the future on the debt part I've already answered that you know we are not averse to debt we love taking debt. In fact RSWM even LNJ Bhilwara group.

We've never been debt averse, and also in our 50-70 years of existence of the company, we have never defaulted on ₹1 of debt also.

So we will continue to take more debt wherever till till, permissible limit to a healthy debt equity ratio. And on the rights issue, on the tax point of view, I think we can you know work out once again and have your query answered in detail of that. Because that would be equally our concern.

**CS** : One Mr. Mahesh Makhija, he is again wanting a plan visit. As you have already said we will do it.

**Chairman** : More than welcome, more than welcome for any shareholder to visit the plant.

And again his next question is about right issue which you have already pricing you have he's saying that I hope our coming right issue will be priced rightly.

Yeah. I mean that would be taken to the committee that we've made of the rights of whatever, whatever this side in that, we'll go ahead with the same.

Yes. And he's saying that I hope that you will give them an opportunity to minority shareholders to increase their holdings at the right price. So again that that is proportionate entitlement.

It's not in our control.

## **CS**

Sir with this, I think all speakers and queries are but I think one speaker is pending Mr. Ramesh Gola. So one speaker Mr. Ramesh Gola is there, so he has just come back, have he Left?

OK.

Sir that's going to the end of question answer session. And now I request you to go ahead with this object, this agenda of the meeting and there are 10 resolutions for the shareholders to approve.

And I request you to please brief the shareholders about that.

**Chairman**

So item number one is ordinary business to receive, consider and adopt the audited financial statements, including audited consolidated financial statements for the financial year ended 31<sup>st</sup> March 2022, and the report of Directors and auditors thereon. The resolution is placed before the meeting to be passed as an ordinary resolution.

Item number 2, ordinary business to declare a division of ₹25 i.e. 250% per equity share of the face value of ₹10 each of the company for the year financial year ended March 31<sup>st</sup>, 2022. The resolution is placed before the meeting to be passed as an ordinary resolution.

I'm myself interested in item number 3 and 4. So I request Shri B M Sharma, Joint Managing director of the company, to chair the meeting for the item number 3 and 4. I hand over to Mr. BM Sharma.

**Mr. Sharma**

Thank you, Rijuji. Item number 3 as ordinary business is to appoint a director in place of Shri Riju Jhunjhunwala, 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.

Moving to item number 4 as ordinary business to appoint a director in place of Shri Ravi Jhunjhunwala, 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 I hand over to Shri Riju Jhunjhunwala to chair the meeting for the next item.

**Chairman**

Thank you, Sharmaji. Item number 5, ordinary business to reappoint M/s. Lodha & Co., Chartered Accountants firm registration Number 301051E as the joint strategy auditors of the company. The resolution is placed in the meeting to be passed as an ordinary resolution.

Item Number 6 special business reappointment of Smt. Archana Capoor as an Independent Director of the company for a second term of 5 consecutive years up to 12<sup>th</sup> February 2028. Thank you Ms. Capoor for the same. The resolution is placed before the meeting to be passed as a special resolution.

I'm interested in item number 7, so I request Shri B M Sharma, Joint Managing Director to chair the meeting for item number 7.

**Mr. Sharma**

Thanks Rijuji. Item number 7 is special business, which is a revision in the remuneration of Shri Riju Jhunjhunwala, Managing director of the company and details are given in the notice. The resolution is placed before the meeting to be passed as a special resolution.

Now I hand over to Shri Riju Jhunjhunwala to chair the meeting for the rest of the items.

### **Chairman**

Thank you, Mr. Sharma. Item number 8 special business is revision in remuneration of Shri Brij Mohan Sharma, Joint Managing director of the company. The resolution is placed before the meeting to be passed as special resolution.

Item number 9 special business reappointment of Shri Brij Mohan Sharma, Joint Managing director for a period of 2 years with effect from 7th August 2022. The resolution is placed before the meeting to be passed as special resolution.

Item number 10 special business approval of the remuneration payable to M/s. N D Birla & Co., cost accountants as cost auditor of the company for the financial year ending 31st March 2023. The resolution is placed before the meeting to be passed as an ordinary resolution.

Members who have not cast their vote through remote e-voting or e-voting during the procedure of the AGM are requested to kindly vote on proposed resolution.

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 on a separate window to the e-voting portal of the NSDL.

The e-voting facility is active and will be closed along with the closure of the meeting. Members may note that the result will be declared within 48 hours, on or before 8<sup>th</sup> September, 2022, after considering the e-voting done today by members participating in this AGM and also the remote e-voting already done by the members.

To further inform that the results along with Scrutinizer report shall be submitted to Stock exchanges i.e. NSE and BSE and will be placed on the website of the company and NSDL's. All the business set out in the notice of this meeting has been concluded and a time period of 15 minutes would be available for casting the voting at the meeting, after which meeting would stand close.

Thank you all for participating in the AGM. Once again, my special thanks to the Board of Directors, all our team of RSWM led by Mr. B M Sharma and all the stakeholders, everyone who's participated in this meeting. Thank you very much.

Thank you sir.