

GHCL Textiles Limited
Transcript of 4th Annual General Meeting
July 08, 2024
12.30 PM to 01.35 PM

Participants present through VC:

Mr. Anurag Dalmia
Non-Executive Director and Chairman

Dr. Manoj Vaish
Independent Director

Mrs. Vijaylaxmi Joshi
Independent Director

Mr. Arun Kumar Jain
Independent Director

Mr. R S Jalan
Non-Executive Director

Mr. Raman Chopra
Non-Executive Director

Mr. Neelabh Dalmia
Non-Executive Director

Mr. Lalit Narayan Dwivedi
Company Secretary

Ms. Sonika Loganey
Statutory Auditor: Representing M/s S. R. Batliboi & Co. LLP, Chartered Accountants

Mr. Rupesh Agarwal
Secretarial auditor: Representing M/s Chandrasekaran Associates, Company Secretary

Mr. Suryakant Lal
Cost Auditor: Representing R. J. Goel & Co.

Scrutinizer: Manoj Hurkat, Practicing Company Secretary

MANAGEMENT TEAM

Mr. R Balakrishnan
CEO

Mr. Gaurav V.
CFO

Mr. N Rajagopal
Sr. GM- Technical



GHCL Textiles Limited (Formerly Sree Meenakshi Mills)

GHCL House, B- 38, Institutional Area, Sector- 1, Noida- 201301 (U.P.), India. Ph. : +91 - 120 - 2535335, 4939900

CIN : L18101GJ2020PLC114004, E-mail : info@ghcltextiles.co.in, Website : www.ghcltextiles.co.in

Dear Shareholders and respected members of the Board,

- On behalf of the Board, I would like to extend a warm welcome, to all of you at the 4th Annual General Meeting of our company.
- The meeting has been called to order as the clock indicates 12:30 PM, and we have a sufficient number of members personally present through Video Conferencing to constitute the quorum.
- I would like to inform you that in accordance with the circulars issued by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI), our company is allowed to conduct the AGM through Video Conferencing (VC) or Other Audio-Visual Means (OAVM). To facilitate this, we have availed the service of CDSL to provide the necessary infrastructure for the 4th AGM, including video conferencing facilities and e-voting process.
- I am pleased to announce the presence of Mr. Anurag Dalmia, Non-Executive Chairman of the Board, Dr. Manoj Vaish - Chairman of Audit Committee and Independent Director, Smt. Vijaylaxmi Joshi - Chairperson of Nomination and Remuneration Committee and Independent Director, Mr. A K Jain - Chairman of Risk Management Committee and Stakeholders Relationship Committee, Justice Ravindra Singh, Independent Director, Mr. R S Jalan, Mr. Raman Chopra and Mr. Neelabh Dalmia, Non-Executive Directors of the Company. All the Board Members present through video conferencing.
- I would also like to acknowledge the presence Mr. R Balakrishnan, Chief Executive Officer of the Company, Mr. Gaurav V., Chief Financial Officer, of the Company and Mr. N Rajagopal, Technical Head of the Company. All present through video conferencing.
- Furthermore, I would like to inform you the presence of representatives of S R Batliboi - Statutory Auditor, S Chandrasekaran Associates, Secretarial Auditor, R J Goel & CO., Cost Auditor and Mr. Manoj Hurkat - Scrutinizer, appointed by the Board, present through video conferencing.
- Dear Members, I would like to inform you, that the Chairman of the Board, will preside over this meeting.
- With the permission of the Chairman, now, I would like to make the statutory announcements.

Notice:

- Notice dated **May 06, 2024 of this AGM**, has been circulated to the members and is set out **on page No. 1 to 12** of the Annual Report 2023-24.
- With the permission of the members, it is considered as read.

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Balance Sheet:

- The Financial Statement **as on March 31, 2024**, along with all the necessary annexures and attachments, has been duly placed before this meeting for examination and review.
- I would like to draw your attention to the comprehensive financial statement, including the Balance Sheet, Statement of Profit and Loss Account, Cash Flow Statement, and Notes to Accounts, which are an integral part of the Annual Report for the financial year **ended on March 31, 2024**.
- Please take the time to review these documents. If you have any questions or require any clarifications, our management team and auditors are available to provide the necessary explanations during the discussion on the agenda items.

Statutory Registers:

- I would like to inform you that the Register of Directors and Key Managerial Personnel, including their respective shareholdings, as well as the Register of Contracts or Arrangements in which Directors have an interest, are available for electronic inspection at the Registered Office of the Company.
- Documents referred in the Notice and Explanatory Statement, are also available for electronic inspection.
- To request access to these documents, members interested in inspection can send an email at our dedicated email id i.e. secretarial@ghcltextiles.co.in.
- Our dedicated team will promptly provide the necessary arrangements for electronic access.

Board's Report:

- I would like to inform you that the **Board's Report, dated May 06, 2024 including Management Discussion and Analysis**, has been incorporated as part of the Annual Report and can be found at page no. 13 to 26 and 33 to 37 respectively of the Annual Report.
- I am pleased to announce that the Board's Report and MDA have been duly circulated to all the members.
- With your permission, we will consider the Board's Report, & MDA, as read.

Auditors' Certificate on Corporate Governance:

- I would like to draw your attention to the Corporate Governance Report, which is presented on pages 38 to 75 of the Annual Report. This report provides an in-depth overview of our corporate governance practices, highlighting our commitment to ethical standards, transparency, and accountability.
- Furthermore, I would like to inform you that the Auditors' certificate on Corporate Governance can be found on pages 77 to 78 of the Annual Report. This certificate

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validates our compliance with the prescribed corporate governance norms and regulations.

- I am pleased to announce that both the Corporate Governance Report and the Auditors' certificate have been circulated to all members.
- With your kind permission, we will consider the Corporate Governance Report and the Auditors' certificate as read.

Secretarial Audit Report:

- I would like to bring to your attention the Secretarial Audit Report, which plays an important role in ensuring compliance with statutory requirements. this report can be found on **page no. 27 to 31 of the Annual Report**.
- I would also like to bring to your attention the Certificate of Non-disqualification of Directors incorporated at page no. 76 of the Annual Report.
- I am pleased to inform you that the Secretarial Audit Report and certificate of Non-disqualification of Directors has been duly circulated to all members.
- With the kind permission of the members, we will consider the Secretarial Audit Report and the certificate of Non-disqualification of Directors as read.

Independent Auditors' Report:

- I would like to draw your attention to the Independent Auditors' report dated May 6, 2024, which relates to the audit of the financial statement of the Company and can be found on page no. **79 to 90** of the Annual Report and has been placed before this meeting for your review.
- As per Section 145 of the Companies Act 2013, it is required to read any Auditors' qualifications, observations, or comments that have an adverse effect on the functioning of the company before the AGM.
- I am pleased to inform you that the Auditors' report regarding your company is free from any qualifications and observations. Therefore, there is no adverse impact on the functioning of the company, and **it is not necessary to read** the report before this AGM. You may consider the report as read.

Chairman Sir, the announcements relating to statutory requirements are completed.

Now floor is open for your interaction with the shareholders.

Mr Anurag Dalmia
Chairman

Radhe Radhe, Jai shree Krishna

Welcome to the fourth AGM of GHCL Textiles and first after demerger. before I start, I would like to just say a few events with that took place in India in last one and a half years. The recent elections have brought stability with Modi ji as a leader for the third term. This

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will bring continuity and I am sure this will take us towards the path of India being a 5 trillion dollar economy.

Next is another milestone in this year has been the construction and Pranpratishta of the Ram Janam Bhumi temple in Ayodhya after 500 years of dispute. This was also my dream as my father, late Vishnu Hari Dalmia was personally involved as the president of VHP in this moment.

Then the G20 summit where India was the host. This has enhanced our global standing for strength, international cooperation on economic and environmental issues, boosted tourism and investment showcasing India's leadership and role in wrestling global challenges.

Now to GHCL textiles. GHCL textiles was formed by demerger of GHCL Limited and was listed on NSE BSE on 12 June, 2023. The demerger has simplified the corporate restructure, chartered independent and growth path and created value for sure. I am pleased to announce that board has recommended a first ever dividend of 25%. Our journey of spinning business has been highly satisfactory due to deep understanding of the business and our achievement.

GHCL textiles is a prominent Yarn manufacturing known for its high quality products. Our philosophy is to manufacture basket of premium products including high quality yarns catering to domestic and international market. The company's well managed, production process, helped to minimize waste and maximize productivity while maintaining reliable availability of raw material. Your company is equipped with a state of our make in facilities with 2,25,000 spindles plus green energy. Our green energy we are having 62 megawatt of renewable assets which is 75% of our power requirement.

The company's dedication to work safety and a clean work environment foster positive and productive workplace culture. We are working towards a woman empowerment. 70% of our workforce are women and they are doing very well and I'm what I've been seeing that they are more productive than men so that's something very good.

In CSR also we are doing work for in the nearby villages where women are working independently we are training them so that they can become self-sufficient. Please try to continue our journey being responsible, steward and reduce the overall environmental footprint. We have taken several ESG initiatives such as large renewable energy portfolio, free plantation, water reclamation, sustainable agriculture, animal husbandry, and community health and education.

Now to for our future growth. We have signed MOU with government of Tamil Nadu for over 1000 crores of which 300 crores have been invested and remaining will be invested in new future. We are putting up a kind of green field project, 25,000 spindles, retail technology, latest technology, and it will be operational I think by end of this financial year or early next year. Our balance sheet is almost debt-free and will be our will be to incur this growth capex without significant debt.

Our strategic vision focused on prudent growth, judicious capital allocation enhancing operational efficiency and diversifying product basket. Today the firm believe that our strategy should always aim to sustain long-term value, creation, for over here, lookers.

Namaskar and thank you.

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Lalit Narayan Dwivedi
Company secretary

Thank you, Sir.

Now with your permission, we are proceeding with AGM agenda items.

ITEM NO. 1. (Ordinary Resolution): Adoption of audited financial statements

Chairman Sir,

- I will now proceed with the **first item** of the agenda, which is an **Ordinary Resolution** pertaining to the Adoption of the **audited financial statement** of the Company for the financial year ended on **March 31, 2024**. This resolution has been circulated to all members along with the Notice of the AGM and can be found **on page 1** of the Annual Report.
- I kindly request you to consider the resolution as read. The resolution is now formally put to e-voting, permitting all members to exercise their voting rights.
- We have received questions, views, and feedback from members, regarding the financial statement of the Company. We appreciate your engagement and would like to inform you that Mr. R S Jalan, Director of the Company, as authorized by the Board, will address these questions that have been received via email after completion of all the agenda items.
- Furthermore, I encourage members to utilize the chat box facility available on their screens to raise any further queries or provide any feedback during this virtual AGM.
- Thank you for your cooperation. Let us now proceed with the voting process and continue with the rest of the agenda items.

Item No. 2 (Ordinary Resolution): Declaration of dividend for the financial year ended on March 31, 2024

Dear Sir,

- I would like to bring your attention, agenda item number 2, which is an **Ordinary Resolution** regarding declaration of Dividend. **This resolution**, has been included, in the circulated Notice of the Annual General Meeting, and, can be found on page no. 1 of the Annual Report.
- The proposed resolution may be considered as read and is now being formally put to e-voting. We kindly request all participants, who have not casted their vote till now, to cast their votes accordingly.

Item No. 3 (Ordinary Resolution): Re-appointment of Mr. Neelabh Dalmia as a director retiring by rotation.

Dear Members,

Our Chairman Shri Anurag Dalmia is interested in agenda item No. 3, which is related to re-appointment of Mr. Neelabh Dalmia.

I would like to inform the members that the Board of Directors, in their meeting held on May 6, 2024, appointed Dr. Manoj Vaish, Independent Director, as the Chairman for agenda item 3.

With the permission of Dr. Vaish, I will now proceed with agenda item 3.

Dr Manoj Vaish
Independent Director

Please go ahead

Lalit Narayan Dwivedi
Company secretary

Thank you, Sir, for your understanding and cooperation:

Dear Sir,

- I would like to bring your attention to agenda item number 3 of the notice, which is an **Ordinary Resolution** regarding the re-appointment of Mr. Neelabh Dalmia as a Director, retiring by rotation. This resolution has been included in the circulated Notice of the Annual General Meeting and can be found on pages 1 of the Annual Report.
- I would like to draw attention of our shareholders to the relevant details for re-appointment of Mr. Neelabh Dalmia, as required under sub regulation (3) of Regulation 36 of the Listing Regulations and other applicable provisions. These details are presented on page no. 4 and 5 of the Annual Report.
- The proposed resolution may be considered as read and is now being formally put to e-voting. We kindly request all participants, who have not casted their vote till now, to cast their votes accordingly.
- Thank you for your attention.

Now I would request Mr. Anurag Dalmia Sir, to take charge of the meeting, for the remaining agenda item number 4.

Item No. 4 (Special Resolution) – Special Business: Approval for conversion of loan into equity shares in case company is in default of terms of loan agreement.

Dear Sir,

- I would like to draw, your attention to the agenda item number 4 of the notice, which is a **Special Resolution** concerning approval for conversion of loan into equity shares in case company is in default of terms of loan agreement. This resolution has been included in the circulated Notice of the Annual General Meeting and can be found on pages 1 & 2 of the Annual Report.

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- I request our members to review the Explanatory Statement provided in the Annual Report, on page no. 12, which provides further details related to this resolution.
- I would like to inform the members that this resolution is an enabling resolution to fulfill the condition mentioned in the sanction letters of Lending Banks and Financial Institution.
- The proposed resolution may be considered as read and is now being formally put to e-voting. We kindly request all participants, who have not casted their vote till now, to cast their votes accordingly.
- Thank you for your attention.

Dear Shareholders,

We have now entered to the question and answer session of the AGM. Members who wish to ask questions can do so using the online system provided.

I would like to request Mr. R S Jalan, Director of the Company to kindly respond to the queries, views, and feedback received from the shareholders.

Dear Sir, now floor is open for you.

Mr R S Jalan
Director

Thank you, Lalit and thank you, Chairmen sir and thank you for giving me an opportunity of answering the questions of the shareholders.

I would wait for the shareholders to some of the shares shareholders are online. They would like to ask the question directly. So once I get all the questions, even including the chat box, then I will try to consolidate all the questions and try to answer that.

Mr. Tulasyan
Shareholder

Hello, Namaste

Ye second round hai humari meeting ka to anurg ji manoj ji aur ap sab ko badhayi. Mai samjhata hun ki ye humari pehli meeting hai GHCL Textiles to new baby hai aur mujhe acha laga ki alag hoke kabhi kabhi fayada hota hai. Nam bhi badha hai, wajan bhi badha hai aur 2 rupye ki value ka bhaw 2 ka 100 ho jana mai samjhta hun badi bat hai.

Comparison hum kisi ka kisi se nahi karte lekin ye achi bat hai. Aur mai ummid karunga question puchne ka I think permission hai. mai sirf yahi kahunga ki textiles ke din sudharne wale hain aisa kaha gaya hai. Sudhar bhi rahein hain to kya humara board is Vishay par kuch guide kar payega ki aap textikles me kya bhavishya dekh rahe hain. Kyuki export bhi badh raha hai aur input cost kam hoti ja rahi hai. Aur ummid karte hain ki agale quarter onward textiles in general improvement aani chahiye.

Mai apni company ke liye isliye nhi bolunga ki mai chahunga ki board bole. Kyuki company apni nayi hai to shikayat koi nahi karni. Jab company badi ho jayegi aur rate 200 rupye ho jayega tab apse shikayat karenge. 200 rupye remember my words.

To ab mai ummid karu ki mere bad aap kuch batana chahe to btayi you are free no to bother.
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Textiles business me kuki india aur world me tarakki ho rahi hai. Bhaw badhate hue naar aa rahein hain to kya hum ummid karein ki kya apni company bhi is benefit ko share karegi. Kya kuch ummidein hume hain aur baki apne jo performance company ne jo dikhayi hai. Ye bahut achi hai margin bhi apke pehle se badhe hue hain. Turnover bhi badhe hue hain iske liye apko sadhuvad, dhanyawad. Aur mai ummid karta hu ki aap hume kuch achhi chizein bata sakenge.

Thank You.

Keshav Garg
Shareholder

I have already sent in my list of questions to you, but the major ones I will just repeat. Sir, for effort 25, what is the expectation for top line as well as bottom line? Sir, also Sir, what were our yarn realization and spread during effort 22, effort 23, effort 24, first quarter of this financial year and what are they currently. Answer what are in your expectation for the full year. Sir, what do you expect the realization as well as spread to be?

Sir, also Sir, what has been the movement of cotton so far in this financial year. Sir, now we are constantly talking about 17 to 20% EBITDA margins. Sir, but Sir, I hope that these margins we used to do on our own. Sir, because previously there was a home textile division also and I understand that the whole textile division inclusive of home textile might be reporting these margins and now we are left with only on division. Sir, so is it a realistic possibility that on a steady state basis we might do 17 to 20% margin or on exceptionally good year we might be able to do like effort 22.

Sir, because if we see in our fourth quarter operating margin was 10%. Now, Sir, care report has come recently which is saying that they are expecting our company to grow revenue by 10% in effort 25 with a operating margin of 10%. Sir, so there is a huge gap between 10% and 17 to 20% that we are talking about.

Sir, and what needs to happen for us to reach somewhere around these 17 to 20% operating margin. Sir, what kind of spreads do we need to enjoy.

Sir, rest of the all the questions are in the mail. I don't want to repeat them. Sir, basic question is now if we see then last year our return on capital employed was 3%. Year before it was 2%. And Sir, at least the care report if you go through it, it talks about that return on capital employed is expected to remain at around 4 to 6%. So now at 4 to 6% return on capital employed sir it really doesn't make sense to do any commercial activity at these kind of redone capital. So because what is the point of all records that we can put the money of the shareholders, the whole network in a bank, we can get 7%.

So there is no point. So, so what are the plans to increase our return on capital employed to at least meet double digits. SIR, so that was about it. My questions are with you sir.

Thank you very much for providing this opportunity and best of luck to you and your team.

Mr R S Jalan
Director

Thank you Keshav ji and again as I said, we have got your mail and we are going to respond all the questions which you have raised. So we'll wait for the other shareholders to also ask the questions and then consolidated basically we will answer the question. Anybody else?

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Saket Kapoor
Shareholder

Yes sir.

Thank you sir mujhe ye opportunity dene ke liye So, firstly about this special resolution of this loan conversion to equity, the enabling part. If you could just explain as the rational of at a time of God for it at any default. There would be conversion into equity. If you could just explain to us and as the Chairman's I was mentioning that we are net debt free, but as per our annual account. We are having I think so now we have brown limits for long term as well as short term borrowing. So just kind of clarify what is the debt status currently.

And for this 1000 crore capex out of which 300 we have already spent. How are we going to the balance amount, whether what would be the debt and equity mix. What would be the terms of the loans and the cost of fund. If some, if some other understanding can be provided. And also sir, when we look at the our, our presence is only in the, in the yarn segment. And that forms the bottom of the value chain in the textile industry. And whatever understanding I have is the margins are lower and are also susceptible to the availability of raw material forex impact at maximum for the players who are at the bottom of the value chain that what we have seen last year also with inventory calls going up because of accumulation of cotton at higher prices leading to erosion in margins and also leading to reduce profitability and even losses for many companies.

So if you could explain to us what steps are we taking to reduce the impact of the cyclical nature of the industry where we are in. So you mentioned about value added yarn and all forming a large portion of our sales and our photo in the segment being a dominant. But the industry is really very fragmented. So if you could just provide us with what's our market share in the in the space where we operate.

And we have also seen that Dalmia ji was mentioning about green field activity. So if you could just elaborate whether we are going through CapEx crew green field or brown field in the same facility or are we going to create another facility from the very beginning, just like in other company which we are doing in so that. And also said that since there are many players in the market and the health financial like a many textile players are not at the best.

Are we looking at any M&A activity going ahead in terms of acquiring other companies as we know that this was Minakshi textile acquired long ago. And then it was renamed as GHCL textiles. So going ahead, are we looking anything else in the for it to be required.

Also, sir, CapEx I have already mentioned kar diya. The CapEx we have done in the last year, uska kya hum benefit dekh rahein hain their current financial ke lie in terms of the improved turnover.

And as Keshev was mentioning about the the yarns, the spread part, if you could just elaborate to us how are the spread shipping up that would suffice. And that other than that said, it's definitely very beneficial for investors that our companies have been demerged separately and now the focus and all the aspect which investors are looking forward, we can see the benefits going ahead.

And all the best to Jalan ji and the entire team. We hope to hear much more from you also and also the other other participant in the company Mr. Radha Balakrishnan also in explaining to us and all the best to everybody. So we will wait for to hear your reply.
Namaskar sir.

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Mr R S Jalan
Director

Thank you Saket ji, anybody else.

See, basically, as very relevant questions has been asked by the by the all the shareholders and I'd be happy to answer all of them. And for that slightly background will be important to give for this company. Of course, this has been demerged from main company of GHCL in April 2023 and listed on June 23. But this company as a division of GHCL has been in history of long as one of the shareholders, Saket ji has mentioned that we acquired this company as a sick company and journey from 2004 onwards has been really exciting for this company.

I'll just give you slightly longer-term perspective where some of the questions which has been raised by Keshav ji about return on capital, fixed deposit and many more. We will try to cover up.

First and foremost, in last, you see this industry is a very cyclical, very rightly cyclical industry. Ups and downs happened in this business and therefore it is very important that we should look at a slightly longer term situation. And we did analysis of 20 years, 15 years, 10 years and 5 years. You will realize that in this all this segment of 20 years, even if I take a 20 years period, the EBITDA margin has been in the range of around 15%, 10 years, 5 years and so on.

So, in a way, I would say if you take a normalized EBITDA in our business has been 15 years, which if you look at the industry benchmark for this painting, you'll find that's a very exciting number. Secondly, the revenue growth. Again, revenue growth happens over a period of time and like I said, from the beginning when we took over this company till now, there is a 14% Kager growth of the revenue. That's also considered to be a good number.

Of course, like I said, this industry has a lot of volatility into the business and this gives you a different number. Sometimes a return on capital is only 4%, 3% and sometimes it is 12%, 13% and things like that. But if I look at a longer term number, this number as someone rightly said, this number will be in the range of around 11, 12%.

Now, coming as you all know, this is a very basic industry for any human being and therefore, this industry has a very unique advantage. Particularly for India, this business has a very unique advantage because India has own cotton, various variety, very competitive labour force. We have a very competitive other infrastructure, skill manpower, innovations into the product and therefore, all the premium products, if you look at India is becoming a very relevant or it has been relevant and is going to be more relevant and going forward.

Couple of things I just want to explain also here. Yes, this industry is really fragmented industry used to be but gradually consolidation is happening in this business. Now, the smaller place are getting consolidated or getting exited from the business. Yes, if we are in the, we will be looking at any such kind of opportunity which can create a value for the merger and acquisition definitely that will be part of our strategy going forward.

Now, coming back to the future growth of this business, as our chairman says rightly said, the couple of uniqueness we have as compared to the this thing and which we want to build up over a period of time to have a better return on our capital or better return on our capital or better return on our return or better return. First and foremost, our journey from a commodity space to the value added space. That's a one thing and their journey requires a lot of transformational activities or cultural change, which is we are doing for last couple of years.

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This will bring a better stability in our margin because at that time what will happen is that the customers preference for us and even giving at a premium to us will be more vigilant or more logical than for the community space. So, that's the one part we are doing it.

Second, again moving to the which are specifically required by the customers, very tailor made for the customers. And for that customer serviceability on time delivery, consistent quality, innovation, new product innovation. These are the things which are again is the journey which we are going through. The third is again very important is our labour availability. See, one of the challenges which the spending industry is currently facing and particularly in South India is the availability of the labour. Like our chairman has very rightly said, we have a 70% women, very highly productive women. And we have a those at recent rates of those women are very, very low. So, that's again brings us in the uniqueness. Our power like chairman said about our green portfolio.

Again, that gives me on one side sustainability or the environmental contribution. But on the other side also gives me a power cost control. Our labor cost, our power cost, our infrastructure costs are very minimal as compared to the overall industry.

Customer centricity, innovation, high utilization. See, in spite of a very difficult time in last two years, you know that many spinning industries are the many competitors. They have been running on 60, 70%. But we have been continuously running at 99%. So, that these are the unique advantage we are we have built over a period of time. And this is sure that the benefit of these all will be there.

Now growth prospects of our business as chairman said, we have already signed with more than 1000 crore of investment with the Tamil Nadu government. Of course, we'll be getting some benefit out of that incentive from the government. Along with that, the journey which is going is spinning to weaving like value as a product. One of the shareholders has asked, basic industry or basic value chain or the bottom of the value chain. Now we are building on the weaving, knitting and ultimately going for a ready-made fabric to be delivered to the customers for just for the cut and sew so that they can make the garments or they can made up made the home textile and they can export it to the customer. So that is the way we have journey. We are going up.

Home textile was one of the pain point for us. I think some shareholders said that because of the EBITDA margin has improved. No. That was a kind of a situation because of that our EBITDA margins or our return on capital was getting deteriorated. But now that also we have taken a hard decision also that and we have exited from that business. And that also helped us to kind of a very concentrated focus approach because this is the one business where we are in for a long period of time. Very successful. Our ability on cost control, our ability of cotton understanding which is very crucial because 60% of the cost of the product is raw material. The deep understanding of the cotton. So, these are the strength which we have and we are going to build on that.

And in a way I would say that over a period of next five to six years we are expecting this revenue which currently you are seeing will be almost around double than what it is today. And definitely the EBITDA margin. Someone of the shareholders asked how we justify from a margin of a current margin to 17 to 20%. See there are two things one normal EBITDA margin on a normalized basis as I said 20 years of experience 15 years of experience is 15%. And the three four initiative as I mentioned one is the customer centricity or they specialized yarn for the customers that will add the bottom line. Second our new addition even in the spinning because my fixed cost will remain and therefore that will add to the margin.

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Third is my value-added product of a knitting weaving and the processing that will also add to our margin percentage.

So we are very confident that we will be able to and not on an exceptional basis we will be on a slightly longer term. I would not say that every quarter by quarter or every year by year your margin will be in that range but if you take a big figure of three to five years you will find that the EBITDA margin will be in this range once we complete this project.

As a current scenario. Cottons are stable at this point of time I would say that of course, it's slightly costlier than your international cotton because of the 11% duty on the lowest staple cotton or the medium staple cotton. But on the government has done a great job of exempting the extra long staple cotton from this duty of 11% that has really helped us or the industry of becoming a competitive in the long staple cotton product which we are one of the premium product producer in that area. So that will definitely help us.

In terms of the spread. See, spread always depends on what kind of a product which you make but if you look at an average of the spread. It is almost around 100 to 105 rupees kind of a situation used to be slightly lower slightly as improved. And as I said, once the market outlook will improve or the or the market will improve this spread should go up. In terms of the realization per kilo again it depends on which count you produce, but it ranges from 300 to 330 kind of a situation that kind of a range are there. Again, as I said, if you are producing a fine count your per kilo will be much higher to product basket definitely defines the selling price per kilo.

I think I have tried to and one of the questions was how are you going to fund the project as one of the several has asked. See, as you know currently our net bank is only 60 crores. On an SS base of 1600 crores, I think we are one of the few companies which will have that kind of a low leveraging. Only 60 crores on the 1600 crores including the working capital. We have a large opportunity of a growth. We have a strong balance sheet with us and I am sure that we will be funding these projects through our internal accruals. Because we have ability and as I have been mentioning that our debt equity ratio at this point of time is very negligible. We have a kind of a discipline in our system that we will go to the extent of around maximum around one is to one. To that extent we have a huge opportunity. I hope I have been able to answer all the questions.

Raman Chopra
Director

Sir just one small input that is asked about that enabled special resolution that is enabling regarding the loan.

Mr R S Jalan
Director

Please do that Raman.

Raman Chopra
Director

So that is this resolution was there in the earlier company also in GHCL limited also. Since the company has demerged this standard term for the bankers to have that clause in their loan

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agreement. And therefore we are executing this. This was already existing in the joint company when textile was a part of GHCL.

Mr R S Jalan
Director

I am sure that anybody has any questions which please can come on the chat box. Even the question raised by Mr. Hardik The kindly provide the industry demand scenario. As I said industry demand scenarios are looking up now even including the export even in the domestic market. The demand scenarios are looking at better now. Because if the rural demands are also picking up even the demand or these talking of the product in the retail has happened. You must have seen in other industries as well. Our customers like your home textile or the garment industries they are getting a better orders.

Of course one scenario which is slightly different than what used to be. Now the orders cycle has come in faster. Therefore you have to be a very fast in turn around time of your product to the customers. And we are fully ready with that.

No, I think I have only one question why Mr. Hardik.

Raman Chopra
Director

There is one chat which is currently running what was our net cost of borrowing.

Mr R S Jalan
Director

Yeah, so next stop is on the. So you see our net borrowing cost is in the range of around depending upon which loan. But some of the old loan which has around 9% but overall borrowing cost will be in the range of around 8%. 8.5%.

B. Mishra
CS of GHCL

One more question sir. Is the rupees 211 crore free hold land is our balance sheet at cost or revalued. And how much land do we own this is from Keshav Garg.

Mr R S Jalan
Director

Yeah, Mr. Garg two things as when it was a part of GHCL in 2009 the revaluation has been done. And this figure includes the revaluation and very significant amount of this is a part of the revaluation. We have a sufficient land to take care of all our future requirements. Of course the processing unit will be putting up somewhere else because the infrastructure required for that which will be under the scheme of PM with a park which will be that will be otherwise all our other growth can be done on the current location sufficient land we have.

Any other question by any of the shareholders.

Lalit Narayan Dwivedi
Company secretary

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I think we have completed all question answers. So we are now proceeding for polling process. I would like to request Mr. Manoj Hurkat, a Practicing Company Secretary and Board appointed scrutinizer, to provide information regarding the conduction of the e-voting process during this 4th Annual General Meeting

Manoj Hurkat
Scrutinizer

Yes. Thank you very much. Chairman Sir, all the directors and the shareholders. A very good afternoon to you all. It is my duty to ensure that whole process takes in fair and transparent manner. And I'm making all the possible attempts for the same. Remote e-voting facility was made available to all the shareholders which remained operative for five days. From 3 July 2024 to 7 July 2024. I'm happy to announce that 274 shareholders holding 4,24,78,005 equity share, which is about 44.44% of the total voting right. They exercise their voting right through remote voting process.

One more opportunity is also made available to the shareholders who are attending this AGM and who have not casted their vote through remote evoting facility for them. Process has already been unable with the beginning of this AGM and it will continue to remain available till 15 minutes from the close of this AGM.

I earnestly request the shareholders to exercise this voting opportunity. It is very important for the shareholders to exercise their voting right. And to exercise the voting right is a very simple and easy process. Which is already elaborated very clearly and exclusively in the annual report. I draw attention to page number 9 of the annual report which lays down how to exercise voting process during the AGM. If any member is facing any difficulty or want any assistance. Then helpline details are also given on page number 11 of the annual report. Members are requested to make use of the same. The voting link is available from the same page on which number has logged in for this AGM.

There is one link available over there which prompts that by clicking on that link you can open up your ballot paper. There are total four resolutions which has already been put for voting. Three ordinary business and ordinary resolution and one special business and special resolution has already been put for voting. And on that voting page member will be having opportunity to vote on each of those four resolutions separately. Member is also having opportunity to vote either in favour or against the resolution by putting appropriate tick mark or selecting the number of shares on that voting page.

Once that voting is exercised and submit button is clicked. I think with that few click of the button voting process can be completed by the members. So I once again request the shareholders who are attending this AGM and we have still not exercised their remoting voting opportunity. Please please exercise your voting right. Once the voting time period will get over the voting opportunity will get blocked. I will be unblocking that voting which has already been casted by the members at the AGM as well as through remoting voting.

I will be scrutinizing all those voting which has been exercised based on that. I will prepare my scrutinizer report and will submit the same for the consideration of the respective chairperson. Based on that chairperson will announce the voting result and that is how the entire process of this voting will come to an end. I once again request the shareholders to please exercise their voting right voting opportunity will remain available 10 15 minutes from the close of this AGM.

Thank you very much. Thank you chairman sir. Thank you. Thanks to all shareholders.

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Mr R S Jalan
Director

One second one question which has come do I have permission to respond to that questions now. Because I have just seen that one question.

I have seen just now one question which has come from Mr. Hardik. Do we foresee any risk of write off in the raw material due to price fluctuation as we carry 250 crores of inventory?

Mr. Hardik we have a very robust system of inventory valuation and periodically we take those write offs if necessary. And on this 250 crores there is no possibility of any write off into the balance sheet.

Lalit Narayan Dwivedi
Company secretary

Thank you sir. And thank you Manoj for sharing your instruction for e-voting.

Chairman Sir, now we have on the stage of conclusion of the AGM. So I extend my sincere thanks to all the board members, shareholders, auditor, CDSL team, our secretarial team, finance team, IT team and other esteemed guests for their invaluable participation in this AGM. Your presence and active involvement have greatly contributed to the success of this AGM. Subject to the completion of the voting process by the scrutinizer and announcement of result, the fourth AGM of the company is closed with vote of thanks to one and all.

Thank you chairman sir and everyone board members and shareholders once again for your active participation contribution to this fourth AGM of the company.

Thank you.



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