

**TRANSCRIPT OF THE 62<sup>ND</sup> ANNUAL GENERAL MEETING OF RSWM LIMITED HELD AT 14.00 IST ON FRIDAY 15<sup>TH</sup> SEPTEMBER, 2023 THROUGH VIDEO CONFERENCING/OTHER AUDIO VISUAL MEANS.**

**Surender Gupta:** Good Afternoon. I, Surender Gupta, Company Secretary and Compliance Officer of RSWM Limited, participating from Noida, welcome you all to the 62<sup>nd</sup> Annual General Meeting of the Company.

I would like to inform you that the proceedings of these meetings are being recorded. During the meeting, the participants, apart from panellists, will be mute. As the Members are aware in accordance with the MCA and SEBI circulars, this meeting is being held through video conferencing or other audio-visual means OAVM without the physical presence of the members. The deemed venue for this AGM shall be the Registered Office of the Company at Kharigram, P.O Gulabpura 311021, District Bhilwara, Rajasthan. Shri Riju Jhunhunwala, Chairman & Managing Director and CEO, Shri B.M Sharma Joint Managing Director, Shri Ravi Jhunhunwala, Director. Shri Shekhar Agarwal, Director, Shri Arun Churiwal, Director, Dr. Kamal Gupta, Independent Director, Shri Amar Nath Choudhary, Independent Director, Shri Deepak Jain, Independent Director, Mrs. Archana Capoor, Independent Director and Shri Surya Kant Gupta, Additional Director (Independent) are present in the meeting.

Shri Riju Jhunhunwala, Chairman & Managing Director will chair the meeting. Further, Shri Riju Jhunhunwala himself is interested in resolution no 6 of the notice of the 62<sup>nd</sup> AGM, therefore Shri B.M Sharma, Joint Managing Director of the Company present in the meeting will chair the meeting for item no 6 only. Since this AGM is being held without the physical presence of the members, the facility of appointment of proxies by members under Section 105 of The Companies Act, 2013 is not available at this AGM. The facility of joining the AGM was opened 15 minutes before the scheduled time of the AGM and shall remain available 15 minutes after the scheduled time. In compliance with the provisions of Section 108 of the Companies Act, 2013, read with the relevant rules and also listing regulations 2015, the Company had provided the facility for voting by electronic means to all its members, enabling them to cast their vote electronically and the business would be transacted through e-voting.

The Company has engaged the services of NSDL for facilitating the participation by the members at the AGM through VC or OAVM and remote e-voting, including e-voting during the AGM. The remote e-voting facility was made available to the members from Tuesday the 12<sup>th</sup> of September, 2023 at 9:00 am and ended on Thursday 14<sup>th</sup> of September 2023 at 5:00 pm. Member 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 through the AGM. The Company has appointed Mr Mahesh Kumar Gupta, practising Company Secretary, as the scrutinizer to scrutinize remote e-voting including e-voting, during the AGM process, in a fair and transparent manner. The results will be declared within 48 hours, i.e. on or before 17th September, 2023 after considering the e-voting done today by members participating in this AGM and also the remote e-voting done by the members. The results along with the Scrutinizer's report shall also be submitted to the Stock Exchanges, i.e. NSE and BSE and will also be placed on the website of the Company.

The notice of the Annual General Meeting and Annual Report were mailed electronically to the shareholders at their E-mail addresses listed with the Company or depository participant by 22nd August 2023. The members were provided with the opportunity to inspect relevant documents accompanying the notice of the 62nd AGM. The statutory registers maintained as per the Companies Act, 2013 are kept open electronically for inspection by the members during the AGM. At this moment, 78 participants have joined. Hence, the requisite quorum is present. Now, I request the Chairman to please welcome and address the members present at the meeting and also to declare this meeting open.

**Riju Jhunjunwala:** Thank you, Mr. Surender Gupta, Good Afternoon everyone. I, Riju Jhunjunwala, Chairman and Managing Director of the Company joining this AGM from Noida, welcome the members to the 62nd Annual General Meeting of your Company. In line with MCA and SEBI circulars, 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 call the meeting to order. I welcome other colleagues on the Board of your Company to the 62nd Annual General Meeting. Let me ask the Board of Directors to introduce themselves.

**Ravi Jhunjunwala:** Good Afternoon everybody, I am Ravi Jhunjunwala, a Director of the Company and I am joining this meeting from my office in Noida. Thanks.

**Riju Jhunjunwala:** Thank you. Shri Shekhar Agarwal.

**Shekhar Agarwal:** Good Afternoon, everyone. I am Shekhar Agarwal, a Director of the Company and also a member of the Nomination and Remuneration Committee and the Stakeholders Relationship Committee. I am joining this AGM from my office in Noida.

**Chairman:** Thank you, Shekhar Ji. Shri Brij Mohan Sharma. I think your audio is on mute, Sharma Ji.

**Brij Mohan Sharma:** Sorry. Good Afternoon, everybody. I am Brij Mohan Sharma, Joint Managing Director of the Company. I am joining this AGM from my office in Noida. Thank you.

**Riju Jhunjunwala:** Thank you Sharma Ji. Shri Arun Churiwal.

**Surender Gupta:** Yes, he could not be connected.

**Riju Jhunjunwala:** Dr Kamal Gupta, please.

**Kamal Gupta:** I am Kamal Gupta. I am joining this meeting from Noida. I am an Independent Director and the Chairman of the Audit Committee as well as the Shareholders Relationship Committee and the Nomination and Remuneration Committee.

**Riju Jhunjunwala:** Thank you Dr. Gupta. Shri Amar Nath Chaudhary, please.

**Surender Gupta:** I think some dis-connectivity is there.

**Riju Jhunjunwala:** We will come to him later. Shri Deepak Jain, please.

**Deepak Jain:** Namaste. I am an Independent Director of your Company. My name is Deepak Jain and I am joining this meeting through my office in Gurugram. Thank you.

**Riju Jhunjunwala:** Thank you Deepak. Mrs. Archana Capoor, please.

**Archana Capoor:** Namaste Sir. I am Archana Capoor, attending the AGM of the Company from New Delhi. I am an independent director on the Board of your Company and I am also a member of the Audit Committee. Thank you.

**Riju Jhunjunwala:** Thank you Mrs. Capoor. Shri Surya Kant Gupta, please.

**Surya Kant Gupta:** I am Surya Kant Gupta. I am an additional Director (Independent) and I am joining this AGM from Mumbai. Thank you.

**Riju Jhunjunwala:** Thank you Mr. Gupta. All the Directors are present in this meeting except Shri P.S. Dasgupta Ji. Independent Director of the Company, who has conveyed his inability to attend the meeting due to other unavoidable reasons and he had sent his good wishes and greetings to all Directors, KMPs and members present in the meeting. We also have with us the representative from our statutory auditors Shri Vijay Gupta from S S Kothari Mehta & Co. and Shri Gaurav Lodha from M/s Lodha & Co. Shri Vijay Gupta, please.

**Surender:** Mr Jugraj Singh has joined.

**Jugraj Singh:** Good Afternoon to all. I am Jugraj Singh, Senior Manager at S S Kothari Mehta & Co. I am attending this meeting on behalf of Shri Vijay Kumar, partner with S S Kothari Mehta & Co. and am attending this AGM from Noida.

**Chairman:** Thank you, Mr. Singh. Shri Gaurav Lodha M/s. Lodha & Company.

**Gaurav Lodha:** Good Afternoon. I am Gaurav Lodha, Audit Partner with Lodha & Co.; Chartered Accountants New Delhi. I am attending this meeting from my office in New Delhi.

**Riju Jhunjunwala:** Thank you, Mr. Lodha. We also have with us the representative from our Secretarial Auditor, Shri Mahesh Kumar Gupta from Mahesh Gupta & Co., Company Secretaries, New Delhi. Shri Mahesh Kumar Gupta Please.

**Mahesh Kumar Gupta:** Good Afternoon. I am Mahesh Kumar Gupta, proprietor of Mahesh Gupta & Co.; Company Secretaries. I am attending this meeting from Noida. Thank you.

**Riju Jhunjunwala:** Thank you Mr Gupta. We also have Mr. Avinash Bhargava, the CFO of the Company.

**Avinash Bhargava:** Good Afternoon. I am Avinash Bhargava, CFO of the Company, attending this meeting from Kharigram, Registered Office of the Company. Thank you.

**Riju Jhunjunwala:** And Shri Surender Gupta, Company Secretary and Compliance Officer, who has already spoken in the beginning.

The Annual Report of the Company for the financial year ended 31st March 2023, 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 Auditor's Report on the financial statement and the Secretarial Audit Report of the Company for the financial year ended March 31 2023, do not contain any qualification, reservation, adverse remark or disclaimer. Accordingly, the reports are not required to be read out as provided in the Companies Act, 2013. Now, with your permission, I shall begin my formal address to the shareholders.

Dear Members, a very Good Afternoon to all of you. On behalf of the Board of Directors, I would like to extend a warm welcome to all of you at the 62nd Annual General Meeting of RSWM Limited. I thank all the members who have joined the meeting today, and I hope you and your families are healthy and safe. It has been a long journey of sustenance, support and collective decision-making with all the stakeholders and we aspire to take it ahead with even more zeal, enthusiasm and dedication. Your continuous motivation during our thicks and thins is the strongest pillar on which our Company stands today.

With sincere thanks for the faith and trust you have posted on us, I would like to present a brief overview of the state of the textile industry globally and in India. The global textile industry in the last couple of years has been affected by multiple events, namely COVID-19, the Russia-Ukraine war and the global recession. Despite these, the global textile market grew from US\$ 573 billion in 2022 to US\$ 610 billion in 2023 at a compounded annual growth rate of 6.6%. Advancements in wireless technologies and rising demand for connectivity are driving the demand for smart textiles. They have the ability to react to physical stimuli such as thermal, mechanical, electrical and chemical sources. Sensors and fabrics are the major components of smart textiles. Your company is taking all the steps in the R&D division to be abreast of the same.

A little bit about the Indian textile industry: The Indian textile Company continues to be predominantly based on cotton. 65% of the raw material that we consume is cotton. It is one of the few industries to provide substantial employment opportunities to the both, skilled and unskilled workforce. While the overall economy is relatively strong and outperformed major economies, the textile industry was a relatively notable exception and orders suggest the

downturn will continue well into 2023. A sharp rise in cotton prices at the start of the year 2023 and moderation in export demand adversely impacted industry revenue and profitability. After 18 months of very robust growth through mid-2022, the global retail story of clothing have been dragged down by high inflation and depressed consumer sentiment. Exports, which constitute about 22% of the industry, continued to drop every single month for the second half of the calendar year 2022. Consumers in the United States, Europe and other big markets have cut spending on clothing following a surge in inflation consequent to the Ukraine-Russia war. Domestic sales were also hit due to the higher cost of production on account of cotton prices. Many textile players also had to shut down plant operations to manage operating loss. The textile industry is set for a bit of moderation in revenue growth in 2023-24 as export demand, which usually accounts for a fourth of the total market, is expected to be limited, going to be limited because of the slowdown in key markets.

A little bit about the Indian spinning industry: As a cotton-growing country, cotton-based yarn, fabric, and apparel have dominated offerings from India for decades and which, as natural progression, developed into a robust organic cotton movement at the turn of the new century. According to a recent report by the rating agency ICRA, demand for the industry is expected to improve by close to 10% in volume terms, in 2024 and on a yearly basis, primarily gaining through a shift in preference away from Chinese cotton and the expectation of demand improving for the spring-summer collection in the USA and the EU regions. As far as man-made fibre is concerned, it is said that it is the key to unlocking the future of the Indian textile industry. The Government has put crucial measures in place for the sector to thrive, including the PLI scheme for man-made textiles, the National Technical Textile Mission, the remission of duties and taxes on exported products RODTEP Scheme. Today, India produces almost all types of synthetic fibres be it polyester, viscose, nylon or acrylic and hence, has the advantage compared to other nations across the world. Currently, we are the 2nd largest producer of both polyester and viscose globally. It is expected that its demand and production will increase further. Adding to this, Bangladesh has shifted its focus toward India from China for importing man-made fibre yarn and fabric, due to competitive pricing, improved lead time with the opening of 2 new land ports and growing demands for the vital apparel raw materials globally. According to various market studies, the Indian Domestic Denim market where the Company is present has been maintaining an average CAGR of 8-9% for the last few years and is expected to reach Rs 92,000 crores by 2028 globally. Leading mills are confident that denim will continue to grow in the years to come at a higher rate than the current one,

and if projections are any indication, its growth would reach 10-12% on a CAGR basis.

Now moving towards RSWM businesses: 2023 was an operationally challenging year for the Indian textile industry and it was no different for RSWM. Muted demand and rising costs impeded operations for the yarn and fabric division. On the operations front, the attention was squarely on cost optimisation and improving systems and processes for higher productivity. The Company successfully commissioned its state-of-the-art knitted fabrics unit, which promises to emerge as an essential growth driver for the Company over the medium term. The Company also added new capacity to its yarn and mélange yarn units which would help in efficiently capitalizing on the impending uptake in the textile sector. On the marketing front, the team worked untiringly to onboard new customers. This was particularly difficult in a dull environment when the global textile world was experiencing a slowdown. The team hopes to nurture these relations over time which would help fill in the additional capacities.

I now draw your attention to the overall performance of your Company in 2022-23. I feel utmost pride and pleasure to mention here that the Company's Rights issue was over-subscribed, and I, on behalf of the entire Board, thank each and every shareholder for this achievement, which has helped the Company to tide over its finances, by repaying high-cost debt. After a stellar performance in 2022, the Company's performance was tepid as the positive trend reversed because of the Russia-Ukraine crisis leading to spiralling inflation and recessionary headwinds. Revenue from operations dipped a minor 1% from Rs. 3817 crores in 2022 to Rs. 3788 crores in 2023. While the EBITA slipped by 27% to Rs. 339 crore, the EBITDA margin dropped by 320 basis points. Profit after tax stood at rupees Rs. 109.6 crores as against Rs. 239.98 crores. The pronounced drop in profits and profitability was due to severe volatility in cotton prices, which could not be passed on to customers owing to these hostile market conditions. Despite all the odds and challenges on account of increasing raw material prices, global instabilities and the overall dim scenario of the textile industry, the Company had been able to maintain profits. The Company strives to achieve better capacity utilization as compared to our peers and also add to our overall capacities. All of this reflects that we are going in the right direction, though the headwinds are strong. I feel quite optimistic about the way ahead.

Setting to 2024, we have strategized plans for further expansion, maximum capacity utilization and adding new brands to our fleet of customers. We are

also working on new product development that would cater to the market for sustainable products. We are already manufacturing fabric out of PET bottles that have created menace on Earth and are looking at more methods of producing man-made fibre. FY24 will be the year of stability with a focus on overall development for all stakeholders.

Now, I would like to draw your attention towards the results of the first quarter of the current fiscal 23-24. During the quarter ended 30 June 2023, your Company recorded a turnover of Rs. 901 crore against the turnover of Rs. 1023 crores in the corresponding quarter of the previous year. The Company recorded a net loss of Rs. 18 crores in the first quarter of 2023 against a net profit of Rs. 67 crores in the corresponding quarter of the last year. During the first quarter, most of the companies in the textile sector reported very tepid performance due to various factors explained here before, though your Company could still perform better.

Acknowledgement: Continuing further, I would like to thank my colleagues on the Board, for without their support and timely guidance, the Company could not have sailed through these tough times. Secondly, I sincerely thank our bankers, financial institutions, and Central and State Governments for their unfettered faith during all odds. I also appreciate all the employees of the Company, who are continuing to work with full dedication and zeal. Lastly, a big thank you to the backbone of the Company, the shareholders. My deepest gratitude to you. I am looking forward to your continued unfettered support in future years as well. Thank you very much.

**Surender Gupta:** Sir, we have also received requests from a few members of the Company for registration as speaker shareholders in the AGM. All those shareholders have been provided specific links to log in to the meeting and they shall be allowed to speak at the AGM when their name is called upon. We request the speakers to limit their speech to 3-5 minutes for the benefit of the other shareholders. The Chairman would be responding to such queries either at the AGM or subsequently through E-mail. If any member faces any technical issue, kindly contact the helpline numbers of NSDL as provided in the notice of AGM. Now, I would like to highlight to the speaker that when I take your name, your mic will be opened by the moderator of this meeting. You will have to also unmute the mic from your end and express your views or ask questions. Now, I invite Mr. Praveen Kumar, who has registered himself as a speaker, to express his views and ask questions. Mr. Praveen Kumar.



**Praveen Kumar:** Very Good Afternoon to my respected Chairperson, well decorated esteemed Board of Directors and my co-fellow shareholders who have joined this meeting. Myself Praveen Kumar joining this meeting from New Delhi. I have a few observations which I would love to share with the entire house. First of all, I am very very thankful, respected Chairperson for your very very in-depth address to the Shareholders. It is self-explanatory as well as very very informative for a retail investor, Sir, who has been with the Company for such a long time. I am very very delighted with the dedication, the devotion, you are having for the Company. It is something exceptional, Sir. As per your speech, the world economy is slowing but despite this fact our Company, under your leadership, initiated to make a world-class factory, with state-of-the-art R&D and so on and so forth. I salute your investor-friendly approach, and last year the biggest event of our Company was the right issue, which was oversubscribed by many, many times. That truly shows the investor, the high net worth investors are all there to support you because you have credibility in the market because in the past also, you have proven yourself, you have proven you metal to the investor-friendly approach, and I am very, very thankful to be a part of such a legacy Sir, and I supported all the resolutions which you set out for the notice today and in the coming year as per your speech, our management is very very focused, very very hopeful that it will be a great year for us, as well as growth is concerned Sir. Sir, I would love to thank our marketing head and our respected CFO for designing our Annual Report in such a way that it might look like a catalogue also and the financial aspect of it which is very, very transparent. So I am very very thankful for such hard work and dedication and devotion Sir. It truly shows that our management is very, very transparent in terms of working in ethical ways and promoting that support, Sir.

Sir, my question to the management is what will be the growth driver for our Company for the next two years. One more thing which I would love to add is when we talk about our Company, it truly says proud to be Indian and privileged to be global. That truly sums up overall. Sir, a litmus test of your Company is also very, very decided no matter how good you are. The standards of corporate Governance matter a lot, Sir. Sir in this regard, I love to thank our Company Secretary and his entire team for bringing out the highest Corporate Governance of our Company. I requested a hard copy of it. It was promptly tracked and delivered to me, and if you have questions during our right issue or any information which I love to cover it was timely replied. So I am very very thankful that a Company of this stature welcomes and listens to the shareholders. That truly, truly boosts our morale Sir. So, I am very very thankful to be a part of such a legacy. I just pray to god that he will bless you and, with all the dedication and

devotion, you will take our Company to the newer zenith in the future, Sir. And I am very, very thankful to the entire management team, the Secretarial team for giving me this opportunity to share my views and express my feelings I wish you all the luck and all the very best.

**Surender Gupta:** Thank you. Mr. Om Prakash Kejriwal.

**Om Prakash Kejriwal:** Good Afternoon, Sir Ji and good afternoon to everybody attending this AGM. Myself Om Prakash Kejriwal, your equity shareholder from Kolkata. Thank you, Sir ji for providing me the platform to speak something before you. Thanks to our Secretarial Department for helping me with the registration as a speaker shareholder, especially thanks to Mr Sanjay Rastogi Ji for calling me and taking my name. Sir ji, this is my second AGM only due to virtual, though I am your very old shareholder. It is just an opportunity for me to join this AGM sitting in Kolkata. If possible, please follow this virtual AGM next year also so that more and more shareholders could join our AGM and express their views. Sir Ji, in the standalone account, our revenue is almost the same as the previous year, but our net profit is Rs 109 crore, almost half of the previous year's Rs 240 crores. What is the reason Sir ji? Sir ji I was going through the quarterly results in the standalone account. I found there are many ups and downs in net profit. In the June quarter of 2022, the net profit was Rs 67 crores. In the September quarter 2022, net profit was Rs. 14 crore. In the December quarter, there was a loss of Rs 14 crore. In March quarter 2023, net profit was Rs 42 crore. Again in June quarter 2023, there was a loss of Rs. 18 crore. Why so, Sir? Why so zigzag in our profit? Please share your views. Sir ji, you are an investor-friendly Company. I have full faith in you. Last year your earning was bumper, and so, you gave a bumper dividend at Rs 25 per share. Thank you for such a large distribution. This year, you gave Rs 5 as a dividend because the profit is less. I have no complaint regarding this distribution, but do something about this type of zigzag in profitability. Sir Ji, demand from Europe, I was in the AGM of Arvind Limited. They are cautiously optimistic about demand from Europe. What is your view and what is your view for cotton prices in the coming days because last year *ye jo cotton price neh tehelka macha diya tha aur sab ka jo hai balance gadbada gaya tha. Toh iss saal ap kya samajte hain? Iss saal bhi kuch aisa utha patak hoga kya?* Split of shares: Please split our shares in the ratio of 5 is to 1 so that more and more investor could join our Company and more investor means more popular Company and it will be a mini bonus type rewards for we minority shareholders. So, please consider it. I will not insist for issue of bonus shares, but i will tell you to split shares. Sir early AGM, you are a very good Company. You should do AGM in June, July month much pressure in September

month. Daily 5-10 AGMs. So please think over it and organize early AGM. Sir yeh *private talk hai hamari Company ke development ke liye, agar aapse 5 minute baat ho sake AGM ke baad, privately baat tha toh, toh mein aap ke sath kuch share karna chahhta hu, Company ke development ke liye. Mein meeting meh kuch bol nahi paunga, so agar sambhav ho toh chesta kijiyega.* At last Sir, ji maintain your smile and always be cheerful, we are always with you as a long time investor. Thank you, thank you Sir ji.

**Riju Jhunhunwala:** Thank you Mr. Kejriwal, I will try to answer all your questions. Your first one was about the zigzag of profits and how, I mean even though the revenue is more or less the same as last year the profits are almost half. This is because our overall EBITA margin like I said, is down by around 350 basis point. The reasons for that are basically the overall contribution scenario and the cotton fiber prices that were high and could not be passed on forward. And off-course, our exports if you see the balance sheet our exports have also gone down in the last one year. So, there is always more pressure on the domestic market to kind off sell more because of which the margins take kind of hit. About the zigzag profitability, you are absolutely right. The first quarter, the first calendar year of the last year was almost the same as what we had in the year before, which was a very very bumper year and the slowdown really started from the third quarter of the last financial year and that absolutely continues till now. But we are seeing now is a scenario which you said about the cotton prices and the Europe demand which seem to be absolutely kind of stabilizing now and while we have been talking to our marketing people, a lot of people outside, it's very clear that you know that the Europe and the US market was basically the retail of textile goods, were the last priority of any customer or any person sitting in Europe and US because of which all these companies, all the big brands have reduced their overall import from India, Bangladesh everywhere. So because of that you know our denim demand our yarn demand, everything has been kind of subdued. But now sitting here, I can say that we are seeing small signs in the uptake in the overall exports scenario. The pipeline of stocks that companies had with them, whether they were the fabric companies, whether they are the garment manufacturer or whether they are the retailers, the stockpile that was lying with all of them has greatly kind of reduced. So, now we are seeing these orders etc., which are now coming forth. So, I am quite confident like I said before that you know Q3 onwards in 2024 at least, we should definitely see a uptake in overall performance, But you are right when company like Arvind says that they are cautiously optimistic, that is probably the right way to convey the mood of the textile industry right now. Fortunately for us our Company is in a very strong financial scenario when it comes to the debt-equity ratios, etc. So

we have not stopped any of our plans for growth, for expansion. So we are continuously looking at new projects, where it will be viable, what thing to invest in. So I think in the medium and long term if we forget what's happening right now in the last 6 months the Company should be placed in a very good scenario in the coming few years. So, I think in the medium and long term, if we forget what is happening right now in the last six months, the Company should be placed in a very good scenario in the coming few years. The demand, or your request for the split of shares, will be discussed internally within the Board and within the Financial Committee of the Company definitely. I would request our Company secretary, our JMD, our CFO, etc., to take very seriously into consideration the early AGM suggestion that you gave and the next year we should take this up as a challenge to do the AGM earlier than what we have done right now. I will be very happy to talk to you after the AGM privately. Surender Gupta ji, if can you please arrange a call between myself and Kejriwal Ji after the AGM?

**Surender Company Secretary:** OK. Thank you, sir. Now, I invite Ms. Vasudha Vikas Dakwe if she is here.

**Vasudha Dakwe:** Very good afternoon, respected Chairman Sir, Board of Directors, and my fellow shareholders. Myself Vasudha from Thane. I would like to congratulate the Company Secretary and his team for sending the soft copy of the report as well as the hard copy of the report very well in advance, which itself is clear and transparent. I would like to ask what our attrition rate is. How many orders are in the pipeline? Who are our main competitors? With this, I support all the resolutions and wish the Company all the best for the coming financial years. My best wishes for all the festivals, Ganpati, Dussehra, and Diwali.

**Riju Jhunjhunwala:** Thank you very much, Vasudhaji. I think in terms of very specifically telling you about the orders in hand, or the attrition rate, what we have will be very difficult. But let me tell you that we track very closely the repeat orders that we get for all the business divisions and I think the lost customers list also, as to why is it that we have lost any customer and how have we got a repeat customer. So, I think I would request the Company Secretary that whenever possible to send a report privately on this particular thing. When it comes to the competitors, I would like to say that the textile Industry is a very scattered kind of Industry and RSWM, as a Company, we are present in almost all sectors, i.e. cotton fibre, synthetic fibre, denim fabrics and now cotton fabrics. So, pointing out any competitor as such would probably be wrong. Still,

if you see our similar companies that are listed, you talk about Companies like Sangam India Ltd, which is present in Bhilwara and if you talk about Banswara Syntex. These are the two companies that probably come to mind. They have a very similar business model to us. Then you have other companies like Trident and other large textile Companies which, yes, all textile companies and have a different business model. Some are kind of focused on the back end of the chain, and some companies are very focused on the forward value of the chain, which is directly dealing with the customers. So, competitors, almost all yarn Companies are your competitors, but again the Industry is so scattered that to take or compare even three or four names would be very difficult. Sutlej is another company that has a very similar business model to RSWM. Sutlej, Sangam, and Banswara Syntex these 3 companies would be very similar, but then you have a host of other companies that are very similar to our Company. Thank You.

**Surender Gupta:** I would now invite Mr. Badri Vishal Bajaj if he is here.

**Badri Vishal Bajaj:** Good Afternoon Chairman. I am Badri Vishal Bajaj from Hyderabad. I am thankful for the prompt response of the department under Surender ji. I have read the detailed report. I think this is the only report that has talked about the plants, their location, and who is heading the plant in detail. So, you are very transparent and your annual report takes care of everything, whether it is on the negative side or the positive side. I am thankful to you. Sir, I just want you to make a note that, your Annual Report front page said that the team RSWM declared a marathon starting in FY23-24. In the next 5-6 years, just like a panchvarshiya yojana, new products, capacities and capabilities, and ambitious targets. Yes, I stand by this, and I support it, but I want to bring to your kind notice the SWOT analysis of our Company in India compared to the international market. So, please take it positively. It is feedback. I am from Hyderabad and an analyst. Sir, your year-on-year, suppose you take revenue, it is flat. Your margin is down by 55% year on year, I am saying for 2022-23. Even in Q1 also of FY23, the revenue is down, margin is -120% profitability. These were the figures. Still, you declared a marathon starting FY24. Now, your notice on page no. 19, you have contradicted what you have said on page no. 2. I will read out, "reason for the loss and inadequate profit are the inflationary and recessionary trends in the international arena and have been reflected in the operations of the Company. Though there has been some recovery in the intermittent period, the overall trend remains sluggish". It contradicts what you said on the first page of the notice of RSWM," the Company has utilized this challenging time." Yes, now I have a second query. You have utilized the capacity

addition by borrowing money from the shareholders. You are right. You have cleared your dues, and borrowings have been reduced, but is it required now? Just because there are more than 18-20 companies, as my earlier shareholder had also asked, I named the big Companies like Jindal and Surya Laxmi, and they have added plants. Their Amravati plant for the past five years, they have added a lot of spindles, but still, they are hovering around. So, was it the right step? I want your analysis. Already Rs. 450-550 crores you have put in CAPEX. This year, it is around Rs. 471 crores, at a turnover of Rs. 450 crores. So this load and business going in a negative way, not as per your expectation, how do you justify this idle capacity? If you go by spindle working, what is the capacity utilization, and where is the product going? Now, you have a lot of competition from China, Mexico and Indian companies other than Rajasthan, where you gave the names of Sangam and all. There are other companies. They are also struggling. They were leaders in denim but struggled a lot. So, how would you take this Company? There are other companies that you are also struggling but they are leaders in denim, but it is synthetic and all. So how do you take this Company because I am supporting your aim of RSWM Financial Year 2023-24 that will be there and I have because you also have a lot of support from other Directors, like Guptaji who is 73 years of age and still has a lot of experience and expertise. Please utilize that Board level. They will guide and take everything and you may succeed in your aim and I will support that. Now, your borrowings are also almost Rs. 1100 crores. So, this will eat away your financial burden. So, all these things put together that you have to work a lot. You have to put your actions in performing and bring the result to the shareholders. I have a lot of other things but I do not want to take time. If you reply to my mail or if you want me to mail it, I will give it Sir. We will have a discussion on it for a good short analysis. My aim from Hyderabad was to just support you because the second page of the Annual Report states that you have decided and I am supporting you and I will pray that all the Directors also support you. All the best and thank you.

**Riju Jhunjunwala:** Thank you. You know what you said about what page 2 contradicts page 19, you are right because we are obviously talking about team RSWM looking forward, Marathon, new projects, and new kind of business sectors etc. But, currently like I said in the beginning also, that in the current financial year and in the previous six months that have gone by have been extremely challenging probably one of the worst that the textile Industry has seen in terms of margins etc. in the last ten years. The last downturn of this kind was I think in the FY 2010-11 or FY 2011-12 one of these two years. Pardon me as I might be just mistaking the two years. We had a very bad year that time. But I have always seen in the past also the textile Industry is such that you just

cannot time your expansions. You just cannot time your growth. That you my factory will come up, my growth will start when uptrend starts. That is just not possible and the Industry has been such that you will have 2 years of loss, 2 years of profits, etc. If I tell you honestly the rights issues etc. were basically aimed at making a certain comfort level for the Company, that if we have one or two years of abnormal losses due to the COVID-19 or global recession etc. the Company should not come under any kind of long-term pressure of survival etc. So we continue our efforts of growth despite the short term, right now being absolutely in the pits. But like I said we have already seen some improvements in the overall market, and I am quite sure that in the coming few years will see a lot of improvement. Telling you about our overall ratio, the main ratio that we are looking at is the debt-equity ratio of the Company. Even though the overall debt remains the same at Rs.1100 crores, our overall debt-equity ratio in the last five years has come down from 1.8 to 0.91 which basically gives us a lot of comfort in terms of repayment schedules, etc. The new projects that are coming up. All the loans that you see over here especially the long-term loans which are of around Rs.600 crores, almost all of these loans are under some form of subsidy scheme. So, the average cost of the loans is not 11-12% but it is around 7-8%, the average cost of the loans. So, it becomes very easy for the Company to repay. The capacity utilization of the Company is around 3 months back or 6 months back was between 80-90%. We also had to shut down some of the spindles you would be happy to know and Mr. B.M Sharma will confirm to you that today our capacity utilization as I am speaking to you right now is almost close to 100%. Today we have been able to produce almost 100% of what we are kind of producing. I think Gupta Ji, it will be nice for you to connect by e-mail post this particular thing, so that we can continue this dialogue further. I think he wants to do something further, something else but his speaker is blocked. *To aap connect kara dijiyega baad mein.*

**Surender Gupta: Theek hai, Sir.**

**Badri Vishal Bajaj:** You have got a fine brain. Mr. Sharmaji has a lot of experience and the latest technology. So, we can bank on him. I still believe you will cross Rs.4000 crores revenue in this financial year with your aim and all. But why don't you come out of Rajasthan and come to another place where cotton-producing areas are there. Like Suryalaxmi has gone to Amravati, Maharashtra, and all? Our plant can be on lease or merger with a loss-making Company, where we can put in funds so that they can slowly come up because borrowings will not be that much, and you have to service your borrowings. That is very important. It is always every time, every quarterly it is rising up. So just look at this also.

**Riju Jhunjhunwala:** Most definitely. I look forward to connecting with you also.

**Surender Gupta:** Sir, now we have got Mr. Anil Babubhai Mehta who has registered himself as the speaker. He is here. He has not joined. I now let Mr. Gyanesh Dinesh Sharma. Is he there? No, he has also not joined. I now invite Mr. Vinod Motilal Agarwal.

**Vinod Agarwal:** Good afternoon to our CFO Mr. Avinash Bhargava and C.S. Mr. Surender Gupta. Good afternoon and regards to you. I have voted for all the eight resolutions that have been passed today. Last year as you said the revenue was impacted due to the high cotton prices and lower off-take in the foreign markets due to the recession and inflation out there, and the Ukrainian war. Still this year the war is not there much but still, you have not done well in Q1, with a loss of Rs.18 crores and the revenue has also been down. Here there is no mention of some signs of hope coming up in Q1, after the Q4 which has not materialized well in the markets. Markets signs you cannot predict. Q4 might be good and Q1 will not be good. This is what is happening. You have 11 manufacturing units. I would like to complement you for using the 360 tons of waste fiber recycled, 54000 MT PET bottles, and 28 megawatts of green energy, which is recycled and has less carbon impact on the business. My query is on a small item, Sir. You have invested Rs.84 or Rs. 89 crores on the knitted fabric, Rs. 157 crores in Kharigram, and Rs.78 crore in Mordi. So, we are talking about roughly Rs.354-355 crore. Again we are spending Rs.315 crore in the Banswara and the Lodha unit sir. This all comes down to around Rs.680 crores, are we likely to get the PLI incentive for these investments, Sir? What will be the money that we will be getting that out of these investments in the returns, and over a period of what time? This a small query. I wish the Company all the best. You all are doing well and our Chairman is very young and dynamic, appreciate him for his hard work and taking the Company forward. Wish you all the best. Signing off, Vinod Agarwal from Mumbai.

**Riju Jhunjhunwala:** Thank you Vinod ji. As rightly pointed out by you, we had spent last year on the new knitted fabric unit. So, we actually shut down our synthetic process house in Mordi and we put a cotton fabric plant in place of it because seeing the overall demand and the nature of the business we feel that the cotton fabrics in the knitted sector should do really well in the next coming few years. So, this is just the small beginning in that sector. As to your specific question about the PLI scheme, no, I think these investments that we mentioned about we are not getting any PLI advantage over there because of the major



expansion that we are doing this year which will be commissioned in the next month and is around Rs.350 crores in the cotton spinning sector. And the cotton spinning sector does not qualify for the PLI scheme. PLI scheme is only for the man-made fiber and that also of a particular scale and there you need to be completely integrated from spinning to fabric to basically the readymade garments which the Company is not present in today. But all these projects are supported quite a bit by the State Government subsidy side. So, you get various subsidies like the interest subsidy, including rebates on manpower skilling, etc. So we are reasonably well taken care of as far as that is concerned.

**Vinod Agarwal:** One more question, since we are making dyed fine yarn, are we likely to go into shirting with the fine yarn? We are into spinning. So, we can make fine quality shirting. And since we have got looms, we are making Denim. Can we go into shirting?

**Riju Jhunjunwala:** Vinod ji to be very honest with you, today we have no plans of, or we haven't looked at getting into fine quality shirting but I would request Sharmaji and the team to absolutely take this suggestion into consideration whenever we are doing any of our future planning meetings from a dyed yarn business perspective. Thank You

**Surender Gupta:** Now I invite Mr. Ajit Kumar Mishra, the next speaker. I think he is not there. So the last speaker is Mr. Ramesh Shankar Golla, if he is there. I think he has disconnected. With this, I think all the speakers have spoken. Since you have answered most of the queries, now I request you to explain the objectives and implications of the resolutions before they are put to the vote.

**Riju Jhunjunwala:** Thank You Surender ji, and if any of the questions of the shareholders remain unanswered, I request you to take them up on priority and absolutely connect me or the senior management to them for a one-on-one call or as per their wish.

**Surender Gupta:** Sure Sir.

**Riju Jhunjunwala:** So, you asked me about the rules and implications of the resolutions. We have eight resolutions for approval in the AGM.

**Item 1:** Ordinary business: To receive, consider, and adopt the audited financial statements including audited consolidated financial statements for the FY ended

31st March 2023 and the report of the Directors and Auditors thereon. This resolution is placed before this meeting to be passed as an ordinary resolution.

**Item 2:** Ordinary business: To declare a dividend of Rs.5 that is 50% per equity share for a face value of Rs.10 each of the Company for the financial year ended 31st March 2023. The resolution is placed before the meeting to be passed as an Ordinary Resolution.

**Item 3:** To appoint a director in place of Shri. Shekhar Agarwal DIN: 00066113 who retires by rotation and being eligible offers himself for reappointment. This resolution is placed before this meeting to be passed as an ordinary resolution.

**Item 4:** To appoint a director in place of Shri. Arun Churiwal DIN: 00001718, who retires by rotation and being eligible, offers himself for reappointment. This resolution is placed before this meeting to be passed as an ordinary resolution.

**Item 5:** Special business: Appointment of Shri. Surya Kant Gupta DIN: 00323759 as an Independent Director of the Company for the first term of 5 consecutive years up to the 9th of August 2028. I am very happy to place this as a special resolution in front of all the members.

Being something related partly to me, I would exclude myself from item no. 6 and request Mr. B.M Sharma to take that up.

**B. M. Sharma: Thank you Chairman**

**Item 6:** As a special business, Fixation of Remuneration of Shri Riju Jhunjunwala DIN: 00061060, Managing Director of the Company with effect from 1st May 2023 for his remaining tenure up to 30th April 2026. This resolution is placed before the meeting to be passed as a special resolution. Now I hand over to Shri Riju Jhunjunwala to chair the meeting for the rest of the items. Thank you.

**Riju Jhunjunwala:** Thank You, Mr. Sharma.

**Item 7:** Special Business: Revision in the remuneration of Shri Brij Mohan Sharma DIN: 08195895 Joint Managing Director of the Company with effect from 1st April 2023 for his remaining tenure up to 6th August 2024. This resolution is placed before this meeting to be passed as a special resolution.

**Item 8:** Special Business: Ratification of the remuneration payable to M/s N.D.

Birla and Co. Cost Accountants, firm registration no. 000028 as Cost Auditors of the Company for the FY ending 31st March 2024. This resolution is placed before this meeting to be passed as an Ordinary resolution.

Members who have not cast their vote through remote e-voting or through voting during the proceedings of the AGM are requested to kindly vote on the proposed resolutions, resolution No.1 to 8 of the notice of the AGM. The e-voting module in the AGM is already active. The icon for e-voting is available on the screen which will redirect you to separate window on the e-voting module on NSDL. The e-voting facility is active and will be closed along with the closure of this meeting. Members may note that the results will be declared within 48 hours on or before 17 September 2023, after considering the e-voting which is done by members participating today in this AGM and the remote e-voting already done by the members. To further inform you that the results along with the scrutinizer report shall also be submitted to the stock exchanges, i.e., NSE and BSE and will be placed on the website of the Company and NSDL. All the business set out in the notice of this meeting have been concluded and a time period of 15 minutes will be available for voting at the meeting, after which the meeting will stand closed. With this, I thank all of you for participating in this AGM. Stay safe and look forward to meeting everyone as soon as possible. Thank you very much.

**Surender Gupta:** Sir, there are 2-3 questions in the chat box that are just received. Vasudhaji has already spoken and she has said to give us the CAPEX plan.

**Ramesh Shankar Golla:** Hello, I am Ramesh Shankar Golla from Hyderabad. May I join with your permission?

**Riju Jhunhunwala:** Yes, please.

**Ramesh Shankar Golla:** My beloved Chairman Shri. Riju Jhunhunwala, and Co-Directors, a very good afternoon. I am Ramesh Shankar Golla from Hyderabad, your speaker shareholder. *Sir, Jo aapka group hai woh very good group. But uske upar sabhi log ko andaz rehta hai, accha group hai, jo accha chala raha hai, sabhi logo ye yaadasht rehta hai. Kami nahi hai usme. Aane wale 2 saal mein ye Company revenue ko kaisa jyaada karne ke liye kaisa dekh raha hai. I want the roadmap for the coming 2 years.* The second question Sir: *Companies, ye chota chota Companies, acquire kar rahe hai kya wo bhi bhej dijiye? Abhi bol dijiye sir, that too jo hamara Company mein jo women employees ka percentage boliye?*

*Aap ESOP mein employees ko diya kya, woh bhi bata karo sir? Dividend-wise aap ko jo increase karna aur woh bhi with so much sync, bonus share woh, please. Sir mein har ek resolution se sehmata hoon Sir. Mein favor kar raha hoon Sir. Mujhe bohot interest hai jo hamara plant dekhne ke liye. Abhi ek year se mereko bataye Sir mein kisse baat karke, hamara jo plant dekh toh, merekoi bhi accha pehchan hai Sir. This is one thing. This is my request Sir. Thank you. Aane wala jo Ganesh Chaturthi, Dussehra, Diwali ko aap ke sabhi logo ko badhai Sir. Have a good day to you sir. All the best and a great opportunity has been given to me. Hamara jo Secretarial department ke baare mein bolna hai, they are superb and fantastic Sir. Sabhi logo ka kitna call karke aap attend kariye Sir. Hamare Chairman se baat kariye, hamare ko jo maalum nahi woh bhi maloom parta hai Sir. Aisa bolt rahi ye sir, aisa accha wala secretarial department hai kidhar bhi nahi milta Sir, nahi dekha sir. I am at Hyderabad, aisa koi bohat kam rehta hai, phone karke aap registration karo, aap speaker ban jao aisa puchnewala bohot kam hai. Ye issi liye mein bol raha hoon Sir. This is a very good and fantastic Secretarial department. Aap CSR sir ko badhane chahte hai woh bhi bol dijiye Sir. Thank You very much for giving me this good opportunity. Have a good day. Thank you.*

**Riju Jhunjhunwala:** Thank you. I have made a note of your queries. I will quickly just go through all of them. I have taken note of all your suggestions. As far as the growth of the Company is concerned, I think this year we will definitely see growth, with the few years of our investments in the spinning division and in the knitting division. We are actively looking at other opportunities where we can, of acquisition, etc. If something really good comes our way we will definitely take it to our Board as soon as possible. Then announce it to our shareholders. On ESOP, we don't really have an ESOP program within the Company right now, but we will take that into consideration. Mr. Surender Gupta, it will be good information for me also if after the meeting you can tell us the exact percentage of women employees both white collar and blue collar, although yes, the Company is continuously and actively looking at this as a significant point of improvement. I am sure we have a lot of scope for improvement. We will keep looking for ways, how to increase the bonus, dividend, etc. I would request you to arrange a plant visit as soon as possible, Mr. Gupta. Compliments to you and your Secretarial department from me also as the gentlemen pointed out that the secretarial department has been very prompt and helpful in every way possible and just the last point on the CSR as a group we are doing a lot of CSR activities, but as a Company obviously, the CSR is limited to 2% of margins that we have. But I can assure you that any good opportunity, etc. comes our way in terms of stepping forward and helping in terms of CSR activities, we will not look

at this 2% barrier as a way of kind of supporting the CSR that the Company is doing.

**Surender Gupta:** Sir, there were two queries from the chat box. Ms Vasudha Dakwe regarding the two years CAPEX and one from Aarti Mahesh Makhija regarding shirting fabric project, which you have already explained.

**Riju Jhunjhunwala:** I think I have answered all of them. On the CAPEX side and areas we are very actively looking at different states as someone rightly pointed out, but it would be unfair to comment on the specific CAPEX that the Company is going to do in the next two years. We have not placed that up in front of our Board right now, but as soon as the Company is ready with CAPEX plans and as soon as we have a go-ahead from our Board of Directors, as and when we present to them, we will be very happy to share them with the shareholders. But we are actively looking at growth avenues that I can assure all the shareholders.

**Surender Gupta:** With this, I think the meeting is over. We thank all the shareholders for joining us during this AGM and looking forward to meeting all of them in the next AGM.

**Riju Jhunjhunwala:** Thank you, Mr. Surender Gupta. Please do keep up the good work as everyone just pointed out. Thank you everyone. Thank you to all the Directors.