

July 23, 2022

The Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (E) Mumbai – 400 051	The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001
Scrip Code:- TRIDENT	Scrip Code:- 521064

Sub: Submission of "Questions/Queries received from Members on the 32nd Annual General Meeting of the Company"

Dear Sir/ Madam,

Pursuant to Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Questions/Queries, answered & responded, in the 32nd Annual General Meeting of the Company which was held on Saturday, July 23, 2022 at 11:00 AM IST through Video Conferencing [VC]/Other Audio Visual Means [OAVM].

This is for your information & records please.

Thanking you,

Yours sincerely,

For Trident Limited



(Hari Krishan)
Company Secretary



Encl: As above

Questions Received
from the Members on
32nd Annual General
Meeting of the
Company

Safe Harbour

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Q What is the geographical distribution of Revenue in FY22?

A

Revenue	FY 2022		FY 2021	
	INR Million	Percentage	INR Million	Percentage
India	23,733	34%	14,599	32%
USA	27,044	39%	19,625	43%
Rest of the World	18,415	27%	10,969	24%
Total	69,192	100%	45,193	100%

Q What has been the company's efforts to reduce its debt commitments and become net debt free in future?

A The company has undertaken several initiatives over the years to reduce its debt commitments. Net Debt has reduced by INR 1260 Mn. in the financial year 2021-22.

Particulars (INR Million)	31 st March 2022	31 st March 2021
Gross Debt	15,706	15,355
Term Loans	3,577	3,019
Working Capital	12,129	12,336
Net Debt	12,972	14,232

Q What is the forex position of the company as on the year ended March 2022?

A

Derivative Financial Instruments	INR Million
Foreign Exchange forwards Contracts (Forecasted Sales) (at forward rate)	
-USD (Avg. Forward Rate : 77.35/USD)	12,991
Foreign Exchange forwards Contracts (Purchase) (at forward rate)	
-EUR	688
-CHF	176
Foreign Exchange Option Contracts (at closing spot rate)	
-USD	38

Q **Comment on the Rebate of State and Central taxes and Levies (RoSCTL) extension announced by the Government of India? Also, what is the update on Rebate of Duties and Taxes on Exported Products (RoDTEP) scheme?**

A

- The government has issued a notification for continuation of RoSCTL, applicable retrospectively from 1st January 2021, till 31st March 2024 on export of bed sheets and towels @ 8.2%. This move is expected to provide stability and ensure competitiveness of Indian products in the foreign markets.
- Also, yarn and paper, shall be eligible to get benefits under RoDTEP scheme, at rates 3.8% and 1.1% respectively.


Q It has been observed 15% discount in RoSCTL/ RoDTEP scrips. What is the reason and how much more discount can we expect further?

- A**
- The discount on sale of RoSCTL/RoDTEP scrips are purely based on demand and supply where discount is difference between issue price and market price which usually ranges between 5% to 15%.
 - The present discount given on such scrips are in the range of 6% to 9% that are variable in nature which is purely market driven.

**Q**

We have a fire loss of INR 73.5 million under other expense and INR 24.7 million under other income in P&L Statement for FY22. Is the difference an actual loss or something else? Please explain.

**A**

- On April 05, 2021, a major fire broke out in the Cotton warehouse of the Company located in the manufacturing facilities at Budhni, Madhya Pradesh, which resulted in major damage of stocks of cotton lying in the cotton warehouse and its building. During the current year, the Company has received the insurance claim and accounted for net loss on account of fire is INR 73.5 million.
 - The insurance claims of INR 24.7 million under other income consists of other minor claims from the insurance company.
- 

Q Why are the legal & professional expenses so high at INR 1,004 million in FY22 which was INR 501 million in FY21? What is the nature of these expenses and outlook for FY23?

- A**
- The legal & professional expenses majorly consists of legal fees and consultation charges across different domains for all business segments.
 - Majority of the expenses are professional fees paid to consultants and variable commission which are variable in nature which might change as per the performance of the company depending on the profits earned.

Q There are INR 251 million Income Tax dues in dispute at High court for multiple assessment years. What is status and expected outflow?

A

- "Amount of INR 251 million appearing in financials is related to appeals filed by Income Tax department before Hon'ble Punjab & Haryana High Court. These appeals mainly challenge the orders passed by Hon'ble ITAT in company's favor on the issue of penalty on sales tax subsidy being claimed as capital receipt. The department intends to levy penalty on the sales tax subsidy being claimed by the company as capital receipt instead of revenue receipt. The company, basis the legal jurisprudence, is of the view that penalty is not leviable on this issue. "

Q **FY2022 has been one of the best for the company, driven both by internal and external factors. How can this momentum be sustained given the recent slowdown in home textile demand from the US?**

A

- We are trying to tap alternative markets and add new customers and programs to our portfolio in US and other global markets of EU, UK & ROW.
- Middle east is emerging to a good destination due to organized retail and good purchasing power. Focus on home is increasing.
- Markets like Australia and New Zealand are not much impacted by inflation which will support the demand considering FTA signed with Australia as well.
- Our continuous focus and long-term vision for domestic market is also supporting us to maintain the growth journey.

Q How long will the inventory correction by US retailers last? How will we fill up the additional capacity if US demand doesn't come back as expected? Can demand be met from EU or any other major country?

A

- It seems that the inventory situation can ease off in Q3 FY23 onwards and things can come back with good sales expected in Nov and Dec due to festival season.
- Retailers are offering heavy discounts currently to boost sales and burn inventory.
- As mentioned earlier, we are keenly trying to tap alternative markets and focus on other markets like UK, EU, Middle East, Australia, etc.
- Overall, we are hopeful to come back to normalcy around Q3 FY23 in US market.

Q What will be the impact of FTA's signed by India with UAE & Australia?

- A**
- The ECTA signed between India & Australia is expected to increase the bilateral trade to \$40 to \$50 billion over five years, from the current estimate of \$27 billion and create 10 lakh additional jobs. The customs duties on originating goods shall be eliminated on the date this Agreement enters into force which will benefit our company to expand our market and compete in Australia due to elimination of import duty of 5% on Chapter 63 products.
 - The CEPA signed between India & UAE will help in taking the two-way trade to \$100 billion in five years from the existing \$60 billion. This will benefit our company to compete in the UAE market due to elimination of 5% custom duty on textile products considering Bangladesh & Vietnam has zero duty access.

Q What is the status of capex projects undertaken by the company?

A

- The company aims to achieve its Vision 2025 by following a two-fold strategy. Firstly, through enhancement of existing production capacities and secondly, through diversification into new businesses like value added and specialized yarns. Furthermore, following capex is being planned to be undertaken in coming period-

1. **Another Spinning project** with around 1 lac proposed spindles at Budhni is being undertaken to enhance the capacity of yarn with project cost of INR 5540 million.
2. **Open End Spinning project** with around 3600 proposed rotors at Budhni with project cost of Rs 1800 million to be implemented in a wholly owned subsidiary
3. **Debottlenecking of sheeting plant** by 70,000 meters/day in capacity at Budhni with project cost of INR 4680 million.
4. **Power Plant project** of 16.3 Megawatt at Budhni with project cost of INR 1750 million.

Current State: The projects are under implementation stage including infrastructure development work and plant & machinery procurement are also under way. We expect to commence the new projects on time as per the target timelines (September 2023).

Q What is sustainable EBITDA/ Operating margins trend in the current scenario, given cotton prices have corrected ~20% now and addition of renewable capacity?

- A**
- Our EBITDA margins usually ranges between 18% to 22% on long-term basis.
 - However, it might fluctuate +/- 3% as per market driven tailwinds and headwinds.

Q The company is to explain regarding the remuneration paid to Non-Executive Chairman in the form of commission.

- A**
- Mr. Rajinder Gupta is the Founder of Trident Ltd having rich and varied exposure of promoting industrial ventures over last three decades. He had been the MD of the company from 1992 to 2012. His business acumen, foresightedness and integrity have led Trident Group to prosper globally and reach zenith through stupendous growth of the company.
 - The shareholders in their Annual General Meeting held on September 30, 2019, vide special resolution has duly approved the payment of commission to the chairman at 5% of the Net Profits of the Company.
 - It is pertinent to note that whilst the managerial remuneration of KMPs is payable on fixed basis, whereas Mr. Rajinder Gupta's remuneration is based on variable and solely in proportion to the performance of the company.

Fiscal Year	Profits* (INR Million)	Growth %	Commission (INR Million)	Growth %
FY20	4,530	-	226	-
FY21	4,296	-5.17%	215	-5.17%
FY22	11,518	168.11%	576	168.11%

* As per Section 197 and 198 of Companies Act, 2013

Q What are the reasons of alteration in the Articles of Association of the Company to increase the Directors on the Board of the Company from existing 6 to 15 directors?

- A**
- The Board vide its resolution by circulation dated June 27, 2022 has approved alteration in the Articles of Association of the Company to increase the Directors on the Board of the Company from existing 6 to 15 directors. This is in-line with the provisions of Section 149 of the Companies Act, 2013, wherein a maximum of 15 directors can be appointed at any point of time.
 - This is being proposed to broad base the Board comprises of right mix of Executive, Non-Executive, Non-Independent and Independent directors which will bring variant expertise on the board for the vibrant growth of the company.
 - This will also add up to better measures of corporate governance for our stakeholders.

Q What is the strategy going forward to achieve the ambitious **VISION 2025**?

A VISION 2025 comprises of the following 3 BHAG (BIG, HAIRY, AUDACIOUS GOALS) for Trident Group:

1. Achieving Revenue of INR 250,000 million by 2025 with 12% bottom line
2. Making Trident a National Brand
3. Digital Trident- By completing the journey of Industry 4.0

The Group aims to achieve the same by following a two-fold strategy. Firstly, through expansion of existing production capacities and secondly, through diversification into new businesses. The same is under discussion with reputed consulting organization.

THANK YOU

www.tridentindia.com

