

# Questions Received from the Members on the 30<sup>th</sup> Annual General Meeting of the Company

# Safe Harbour

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**Q What is the impact of Covid-19 on the business operations?**


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- A**
- Manufacturing operations were kept on hold since last week of March 2020 and were restarted only after due approval from statutory authorities in phased manner from 3rd week of April 2020.
  - Dispatches scheduled during the latter part of March 2020 were kept on hold owing to unavailability of logistics during the ongoing lockdown. However, gradually with the ease up of restrictions by the authorities, the dispatches have begun on domestic as well as export front
  - Currently all the plants are operational.
  - Limited impact on availability of workforce as both the manufacturing locations have residential complexes within premises.
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**Q** What are the steps taken by the company to reduce its fixed cost of operations?



**A** The company has, during the period of lockdown, reviewed its fixed cost of operations and taken several initiatives to optimize the costs being incurred including:




- Utilization of internal accruals wherever possible instead of raising fresh borrowings
  - Introduction of productivity linked variable pay for the employees across cadres
  - Automation & upgradation of various processes to increase productivity and reduce cost of operations
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**Q** What is the sales strategy of the company going forward since some of the retailers in US market are facing stress due to lockdown?

**A** The company has always followed a prudent business policy under which regular review of the operational and financial parameters of the customers is undertaken to mitigate and control the risk. In addition to that, the company review credit reports from external agencies to have detailed analysis as well as undertakes credit insurance cover, wherever available of its customers from insurance companies.

The above robust measures will continue to be utilized for the assessment of future transactions.



**Q** How is the ramp up of capacity utilization since lifting of lockdown?

**A** Post lifting of lockdown, gradual ramp up of capacity utilization has happened in month of April & May 2020

Segment	UoM	Production	
		Apr 20	May 20
Bath Linen	MT	731	2125
Bed Linen	Mn. Mtrs.	0.42	1.51
Yarn	MT	1115	4386
Paper	MT	2645	9851

**Q Tax Outgo of the company has reduced by 55%? What are the reasons?**

**A** Government of India has reduced Corporate Tax rate from 35% to 25% (including surcharge and ED cess) which is applicable from 1 April'2019. The company has elected to exercise the option and accordingly recognized provision for taxation and re-measured its deferred tax liabilities leading to impression of reduced tax outgo

<b>Tax (INR Crs)</b>	<b>FY 2020</b>	<b>FY 2019</b>
<b>Current Tax</b>	<b>130.06</b>	<b>118.92</b>
<b>Deferred Tax</b>	<b>(50.65)</b>	<b>57.08</b>
-in respect of current FY	(80.65)	(36.22)
-MAT Credit Entitlement	30.00	93.30
<b>Total income tax expense</b>	<b>79.41</b>	<b>176.00</b>

**Q** What is the forex position of the company as on the year ended March 2020?

**A**

<b>Derivative Financial Instruments (INR Crs)</b>	<b>FY 2020</b>
<b>Foreign Exchange forwards Contracts (at forward rate)</b>	<b>993.43</b>
-USD	974.34
-EURO	19.09
<b>Foreign Exchange Option Contracts (at closing spot rate)</b>	<b>64.18</b>
-USD	64.18



**Q Inventory Breakup into Raw Material, Finished Goods and WIP for FY 2020 vs FY 2019**

**A**

Inventories (INR Crs)	FY 2020	FY 2019
Raw Material (includes INR 0.48 Crs in transit) (Previous Year INR 6.54 Crs)	550.80	678.54
Work in Progress	113.12	128.15
Finished Goods (includes INR 8.13 Crs in transit) (Previous Year INR 40.59 Crs)	152.42	122.13

**Q** What is the geographical distribution of Revenue in FY20?

**A**

Revenue (INR Crs)	FY 2020	FY 2019
India	2068.29	2237.81
USA	1423.45	1542.15
Rest of the World	1207.72	1439.56
<b>Total</b>	<b>4699.46</b>	<b>5219.52</b>

**Q Update on the Export Incentive Scheme announced by Govt. to replace MEIS? How much will be the benefit that will be available under new scheme?**

**A** Company is presently receiving following export benefits:

Export Benefits	Home Textiles
Duty Drawback	2.6%
Rebate of Central & State Levies	8.2%


Additional benefit of MEIS of 4% retrospectively withdrawn from Mar 2019

The government has introduced benefits under RoDTEP (Remission of Duties or Taxes on Export Product) scheme for the industry which may provide additional impetus to textile sector in coming years. However, the industry is awaiting further clarification on the benefits and applicability under the proposed scheme

**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 including prepayments of high cost loans, reduction in working capital utilization through retention of cash accruals, other measures to reduce CTC cycle and build up cash reserves.

Owing to the above initiatives the debt levels of the company have reduced by INR 1100 Crores since FY 2017 to level of INR 1614 Crores at end of FY 2020 (including INR 729 Crores reduction from FY 19 to FY 20)



**Q** Are there any guarantee commitments undertaken by the company on behalf of its subsidiaries or associates?


**A** As on date, there are no guarantee commitments undertaken by the company on behalf of its subsidiaries or associates.



**Q What is the current manufacturing capacity of PPE kits, revenue and future plans?**

**A** Our Tri-Safe PPEs are currently produced for consumption and usage in the domestic market. We are supplying PPEs to state government bodies and organizations. They are available in open market as well for health sector. Beginning with 500 units day, we currently have manufacturing capacity to produce 10,000 PPE's per day.

We ventured into PPE production at the very outset of the COVID-19 in India which was in early April. We have been able to dedicate a part of our cutting & stitching facilities to manufacture PPEs which can be further expanded to meet any surge in demand. With the infrastructure in place, optimised manufacturing capabilities and skilled workforce we are not facing any challenges currently.






**Q** **Are there any plans to segregate the paper business?**



**A** The company from time to time look the various options keeping in view the existing financial strength of the business and operational parameters. As on date, the company does not have any plan to segregate the paper business. However, the company will keep looking at various options in the future to enhance the value for stakeholders.



**Q Status of the capex plans announced in last 1 year?**

**A** The capex project being undertaken by the company before the Covid-19 was Yarn Manufacturing units and Paper Upgradation project which are currently being reviewed owing to Covid-19 situation. The company is reassessing the implementation schedule and viability in view of the changed economic scenario.


Capex Plans	Capacity Addition	Cost of Project
Yarn Expansion Project	48482 TPA	INR 1140 Crs
Paper Upgradation Project	20000 TPA	INR 222 Crs



**Q** What is the purpose of raising the funds through QIP and NCD?

**A** The same is enabling resolution which the company gets approval from shareholders on annual basis in AGM

The company shall utilize the proceeds for business purposes, including but not limited to augmenting financial resources for organic/ inorganic growth opportunities, meeting the capital requirements of the ongoing consolidation process, meeting and satisfaction of working capital requirements, repayment of existing borrowings, general corporate purposes and financing investment opportunities.



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