



September 18, 2024

**BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai-400 001
Scrip Code: 542729**

**National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex, Bandra East
Mumbai, Maharashtra – 400 051
Symbol: DCMNVL**

Dear Sir, Madam

Sub: Transcript of the 08th Annual General Meeting ('AGM')

Please find enclosed the transcript of the 08th Annual General Meeting of the Company held on September 17, 2024.

This will also be hosted on the Company's website, at [weblink](#).

This is for your information and records.

Thanking you,

Yours Sincerely,

For DCM Nouvelle Limited

**Mohd Sagir
Company Secretary &
Compliance Officer
FCS: 11061**

Encl: as above

Transcript of the 08th Annual General Meeting September 17, 2024 11:00 A.M. IST

DIRECTORS & KEY MANAGERIAL PERSONNEL (KMP) IN ATTENDANCE
Dr. Meenakshi Nayar, Joined over VC from New Delhi Non-Executive, Independent Chairperson
Mr. Hemant Bharat Ram, Joined over VC from New Delhi Managing Director and Chairman of the Risk Management & Corporate Social Responsibility Committee
Dr. Vinay Bharat Ram, Joined over VC from New Delhi Whole Time Director
Mr. Rakesh Goel, Joined over VC from Gurugram Non-Executive & Non-Independent Director
Mr. Kulbir Singh, Joined over VC from New Delhi Independent Director and Chairman of the Audit Committee
Mr. Jitendra Tuli, Joined over VC from New Delhi Non-Executive & Non-Independent Director and Chairman of Stakeholders' & Finance Facilitation Committee
Mr. Vivek Chhachhi, Joined over VC from Gurugram Independent Director and Chairman of the Nomination and Remuneration Committee
Mr. Vivek Kaushal, Joined over VC from Hisar Chief Executive Officer
Mr. Sandeep Kumar Jain, Joined over VC from Hisar Chief Financial Officer
Mr. Mohd Sagir, joined over VC from New Delhi Company Secretary

OTHER REPRESENTATIVES

Mr. Sarvesh Khanna, joined over VC from Ujjain
Chief Executive Officer of DCM Nouvelle Specialty Chemicals Limited, Subsidiary of the Company

Statutory Auditors - representatives of M/s Walker & Chandio, Chartered Accountants LLP
Mr. Rohit Arora- Partner, joined over VC from Gurugram

Secretarial Auditors & Scrutinizers – representative of M/s Pragnya Pradhan & Associates,
Practicing Company Secretaries
Ms. Pragnya Parimita Pradhan-joined over VC from New Delhi

QUORUM OF THE MEETING

A total of 239 members attended the meeting.

Mohd Sagir, Company Secretary

Good morning, everyone,

I am Company Secretary Mohd Sagir. I welcome you all to our 8th Annual General Meeting, which is being conducted today via video conferencing to ensure everyone's safety and compliance.

Since this AGM is virtual, proxy appointments are not applicable. However, we've received requests from some of you who wish to speak. Once the Chairperson opens the floor, those members will have the opportunity to ask questions or share their perspectives.

For those who are yet to cast their votes, please remember that electronic voting is available for all resolutions outlined in the Notice. You may simply click on the vote tab on your screen to access the e-voting system provided by NSDL. Please follow the instructions in the Notice or on the video conferencing page for a smooth voting experience.

If you encounter any issues, please do not hesitate to contact our helpline numbers which are already provided in the notice of the AGM. Also, please be aware that this AGM is being recorded, so kindly avoid sharing any sensitive personal information.

Thank you all for joining us today and for your active participation.

With this, I now hand over the proceedings to the Chairperson. Thank you.

Chairperson Speech

Thank you, Sagir.

Dear Shareholders,

Welcome to the 8th Annual General Meeting of DCM Nouvelle Limited. This year marks a significant milestone for us, and it is my pleasure to host you in this virtual setting. Today, we have the opportunity to reflect on our progress over the past year and celebrate the remarkable journey of DCM Nouvelle Limited, from our humble beginnings to the impressive heights we have achieved.

I am deeply grateful for our collective accomplishments and delighted to have you with us today. On behalf of the Board of Directors, I extend my heartfelt thanks for your continued support and trust. Your commitment has been instrumental in helping us navigate and overcome challenges, emerging stronger each time.

Thank you for taking the time out of your busy schedules to join us. Your presence means a lot to us.

Given the current circumstances, the Company has implemented all feasible measures to ensure that members can actively engage in the AGM through video conferencing and participate in the voting process. I sincerely appreciate the participation of all members, our esteemed Board colleagues, the auditors, and the management team in this meeting via video conference.

The notice convening this meeting and the Annual Report have already been sent via email to shareholders who have registered their email addresses. These documents are also available on the Company's website and are being taken as read.

But before I continue, allow me to introduce the members of your Board of Directors and Key Management Personnel who are participating in this AGM via video conferencing.

1. **Mr. Hemant Bharat Ram**, Managing Director and Chairman of the Risk Management & Corporate Social Responsibility Committee has joined this AGM from New Delhi.
2. **Dr. Vinay Bharat Ram**, Whole Time Director has joined this AGM from New Delhi.
3. **Mr. Jitendra Tuli**, Non-Executive Director and Chairman of Stakeholders' & Finance Facilitation Committees has joined this AGM also from New Delhi.
4. **Mr. Kulbir Singh**, Independent Director and Chairman of the Audit Committee has joined this AGM from New Delhi.

5. **Mr. Vivek Chhachhi**, Independent Director and Chairman of the Nomination and Remuneration Committee, has joined this AGM from Gurugram.
6. **Mr. Rakesh Goel**, Non-Executive Director has joined this AGM from Gurugram.
7. **Mr. Vivek Kaushal**, Chief Executive Officer has joined this AGM from Hisar.
8. **Mr. Sarvesh Khanna**, Chief Executive Officer of DCM Nouvelle Specialty Chemicals Limited, has joined this AGM from Ujjain.
9. **Mr. Sandeep Kumar Jain**, Chief Financial Officer has joined this AGM from Hisar.
10. **Mr. Mohd Sagir**, Company Secretary has joined this AGM from new Delhi

Thank you all.

We also have key executives from the Company who have joined this meeting through VC from their respective locations. Representatives of Statutory Auditors, M/s Walker & Chandiok, Chartered Accountants LLP, and a Representative of the Secretarial Auditor, M/s Pragnya Pradhan & Associates, Practicing Company Secretaries, have also joined this meeting through VC.

I thank all the shareholders and other participants who have joined this meeting through VC. I hope you all are safe and in good health.

Since, we have the requisite quorum present for the meeting through VC, I call this meeting to order. I wish to mention that participation of members through VC can be reckoned for the purpose of quorum in accordance with the Circulars issued by the Ministry of Corporate Affairs and Section 103 of the Companies Act, 2013.

The statutory auditors, M/s Walker Chandiok & Co. LLP, Chartered Accountants, and the Secretarial Auditor, M/s Pragnya Pradhan & Associates, Company Secretaries have expressed unqualified opinion in their respective audit reports for the financial year 2023-24. There were no qualifications, observations or adverse comments on financial statements and matters which have any material bearing on the functioning of the Company.

The report of the statutory auditor on the Standalone and Consolidated financial statements, are available on page numbers 125 and 186 respectively of the Annual Report.

The Secretarial Auditor's Report is enclosed as Annexure C to the Boards' report on page number 56 of the Annual Report.

Let me come to the overall Corporate Overview

I am delighted to announce that for the financial year ended March 31, 2024, your company achieved its highest-ever annual revenues of ₹1087.59 Crore, reflecting a 24.97% increase over the previous year. Our consolidated EBITDA stands at ₹45.24 crore, though our operating margin was relatively low at 2.27%. Our order book for FY 2024 reached an all-time high, thanks to strong client relationships and engagement. Sales volume increased to 39,463 MT, marking a 53.45% rise from the previous year. Additionally, our plants operated at a capacity utilization rate of 97.81%, and our total solar capacity reached its all-time high at 16.855 MWp.

In FY 2023-24, the cotton yarn sector in India faced challenges with lower operating margins due to volatile raw cotton prices, higher production costs, and supply chain disruptions. Despite these issues, technological advancements and improved efficiency helped boost production volumes and revenue. The sector also saw strong export demand from key markets like the United States, Europe, and Southeast Asia, with Indian yarn maintaining a competitive edge due to its quality and pricing.

Despite the global economic challenges, we have remained resilient and adaptable, focusing on our strategic objectives to navigate uncertainties and emerge stronger. Our achievements are closely tied to the support of our stakeholders, and we remain committed to creating shared value and nurturing lasting relationships with our customers, employees, communities, and shareholders of the DCM Nouvelle. DCM Nouvelle will continue to prioritize stakeholder needs and strive to exceed expectations while making a meaningful contribution to society.

I want to express my heartfelt thanks to the team for their outstanding commitment during these challenging times. Their dedication and determination have helped us overcome obstacles and set a new standard for excellence. I am truly grateful for their hard work and team spirit, which have allowed us to keep moving forward and achieving success despite the difficulties we faced.

Comes into DCM Nouvelle Specialty Chemicals Limited, As you are already aware, the company is gradually expanding its footprint in the specialty chemicals sector through our subsidiary, DCM Nouvelle Specialty Chemicals Limited (DCMSCL). I am very pleased to announce that, during this financial year, our subsidiary successfully commissioned its greenfield plant in Ujjain, Madhya Pradesh. This greenfield project, launched and commissioned in record time of 2 years, is now generating revenue, and making a new milestone in the company's journey.

Our vision is actively taking shape as we implement our strategic plans. The execution process is progressing smoothly, demonstrating our commitment to advancing and achieving our goals. To date, our subsidiary has received a total investment of ₹90.80 crore, with ₹29.00 crore raised through right issue in this financial year from existing investors.

Additionally, we have appointed a full-time Chief Executive Officer for DCMSCL. Our products, Benzylamine (BA) and De-benzylamine (DBA), have also attracted strong interest, and we are receiving continuous repeat orders.

It's also important to note that our total solar capacity has reached 16.855 MWp, with renewable sources now contributing 21% to our overall energy requirement. This increase in capacity demonstrates our ongoing commitment to green energy and environmental sustainability continuing our efforts to reduce reliance on non-renewable energy sources and achieve greater cost efficiency in our power expenditure.

Our vision underscores the importance of Environmental, Social, and Governance (ESG) principles as central to DCM Nouvelle Limited's sustainable business practices. In full alignment with the global emphasis on ESG values, we are committed to being a responsible corporate citizen. We recognize that integrating ESG principles into our operations is essential for enhancing business resilience, transforming our corporate culture, and generating long-term value for all stakeholders.

Our sustainability strategy is crafted to address key trends and the impact of our activities on stakeholders. We have identified our major material issues and are placing increased emphasis on risk management, including energy management, health and safety, labour management, corporate governance, and ethical practices. These focus areas will shape our future business strategies and decisions. By concentrating on these critical elements, we aim to establish a strong foundation for sustainable growth and create a positive impact on society.

In recent years, we have established our company as a model of excellence, competitiveness, and customer focus. Our commitment to quality has made us a leading global cotton yarn manufacturer. Looking ahead, we are excited to explore new opportunities in the textile and chemical industries.

In conclusion, I extend my deepest gratitude to each of you, our valued shareholders, for your continued trust, support, and confidence in our organization. Together, we have achieved remarkable milestones, and I am excited about the prospects that going ahead. Rest assured, we will remain steadfast in our pursuit of excellence, continually striving to exceed expectations and deliver sustainable growth.

I now request Mr. Vivek Kaushal, CEO, to address the shareholders.

Mohd. Sagir, Company Secretary

Sorry, for the interruption, there was some issues from NSDL. So, we are all.

Sandeep Kumar Jain

Yes Mam, you may resume your speech.

Mohd. Sagir, Company Secretary

Mr. Kaushal ya...you can start, you can start sir.

Mr. Vivek Kaushal, CEO,

Ya.... Thank you, Mam, Good morning, and welcome once again to our 8th Annual General Meeting.

Over the next few minutes, I'd like to update you on the progress we've made over the past year and discuss how we're positioning ourselves for the future to better support our clients and communities.

We are proud to report another successful year for DCM Nouvelle as a leading cotton yarn producer. As we enter the next phase of our growth, dedicated to creating value for everyone involved, I want to extend my heartfelt thanks to each of you. Your co-operation and support is essential to our success and help us build a forward-thinking organization that supports India's progress.

It is a privilege to address you as we celebrate five years since our listing in July 2019. Over these five years, our company has achieved a compound annual growth rate (CAGR) in revenue of over 10.12% per year. Additionally, our market capitalization has increased significantly, with a return of approximately 602.57% over this period.

For FY 2023-24, revenue from operations stood at 1088.94 crore higher by 25.11% compared to 870.33 crore in FY 2022-23. Cotton yarn business achieved highest-ever sales volumes for the year at 39463 MT (up 53.42% YoY). However, the volatility in cotton prices and reduction from exceptional high levels experienced last year impacted realizations.

Operating Profit for the year FY 2023-24 stood at 49.84 crore compared to 39.93 crore for FY 2022-23. Cotton Yarn business EBITDA grew by 24.83 %.

As a globally recognized supplier of cotton yarn, we are dedicated to delivering high-quality products. By continuously refining our brand portfolio, we are significantly expanding our customer base. Our approach has shifted from traditional manufacturing to the development and cultivation of iconic brands.

In conclusion, our stable operating performance and focus on the chemical sector have strengthened our capabilities and commitment to CSR. We are continually improving to better support our clients as they adapt to the future. Thank you to all our shareholders for your support, and to our board members, and stakeholders for your guidance.

Thanks again, and back to You Mam,

Thanks Kaushal, Now, I will hand over to Mr. Mohd Sagir, Company Secretary, who will take you through the agenda items and other proceedings of the meeting.

Over to you, Mohd.

Mr. Mohd Sagir, Company Secretary

Thank you, Mam,

As the Notice is already circulated to all the members, I take the Notice convening the meeting as read. Before we proceed, I am pleased to bring to your notice that as required under the Companies Act, 2013, the Company has provided with the facility to cast your votes electronically on all resolutions set forth in the Notice.

Members who have not cast their vote electronically but are participating in this meeting; will have an opportunity to cast their votes through the e-voting system provided by NSDL.

Members may please note there will be no voting by show of hands. We now take up the resolutions as set forth in the Notice. We will open the floor for any questions by members after all the resolutions are tabled.

Accordingly, I will now only read out the resolutions.

1. The first item on the notice relates to Adoption of Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended 31st March 2024, and the Reports of the Board of Directors' and Auditors' thereon.
2. The Second item on the Notice relates to the Retirement by rotation of Mr. Rakesh Goel his DIN is 00226058.
3. The third item and the last one on the notice relates to Ratification of the remuneration of Cost Auditor for the financial year 2024-25.

The text of the resolutions, along with explanatory statement, is provided in the Notice circulated to the members. If any member desires to ask any question pertaining to any item on the Notice, he or she may do so now. Members are requested to keep the questions brief and specific. To avoid repetition, the answers to all the questions will be provided towards the end.

Members may also note that the Company reserves the right to limit the number of members asking questions, depending on the availability of time.

Since this meeting is held through Video Conferencing facility and resolutions are put to vote only through e-voting, the practice of proposing and seconding of resolutions is dispensed with.

Dear shareholders, before we go live with the Q&A, here are some points to note for your convenience. Kindly unmute yourself and proceed to ask the question when you are projected on the broadcast screen. Please mention your name, folio number and the location from where you are joining. Each shareholder will have two minutes for their questions. To avoid repetition, the Board will respond to all the questions at the end. Once you have asked your question, you can continue to watch the proceedings. The Board will be taking questions from shareholders, depending on the number of questions on video.

Now I request one by one from all the shareholders, who are here for their questions.

Now I request Mr. Biju PM, ok your question, Mr. Biju kindly proceed with the question.

Mr. Biju PM

Hello,

Can you hear me...?

Mr. Mohd Sagir, Company Secretary

Yes Biju, we can hear you, we can hear you.

Mr. Biju PM

Good morning, Chairperson, Directors, my name is Biju PM.

Thank you for giving me this opportunity to speak. First, I will congratulate to DCM Nouvelle for commissioning of Chemical Plants of the subsidiary in record time.

I will not take too much time here, I have only one question:

I've noticed that the company's debt has increased significantly during the current financial year. Could you provide information about the extent of this increase? How is the company managing the risk of financial costs?

Thank you.

Mr. Mohd Sagir, Company Secretary

Thank you, Mr. Biju PM, thank you for your question.

We have another Shareholder Mr. Ghanshyam, please go ahead with your question, Mr. Ghanshyam, Mr. Ghanshyam, can you hear us, Mr. Ghanshyam?

Mr. Ghanshyam

Yes Sir, Yes Sir, I am hearing you.

Mr. Mohd Sagir, Company Secretary

Please go with your question.

Mr. Ghanshyam

Yes Sir, Yes Sir, Good morning to all and my Namaskar to all. I am Ghanshyam.

My question is **When will our company be in a position to reward shareholders?**

Mr. Mohd Sagir, Company Secretary

Thank you, Mr. Ghanshyam, for your question.

Now, we have another shareholder Mr. Dharmender Sharma, Mr. Dharmender Sharma, please go ahead with your question, Mr. Dharmender Sharma.

Mr. Dharmender Sharma.

My name is Dharmender Sharma, am I audible...?

Mr. Mohd Sagir, Company Secretary

Yes, yes, we can hear you.

Mr. Dharmender Sharma.

Ya, first of all congratulations to all of you for achieving highest turnover ever in the current financial year. My questions are what Capex are we planning for the textile business in FY 25 and FY 26?

One more question, we have 370 crore debts currently, what is the peak debt we are expecting?

Thank you

Mr. Mohd Sagir, Company Secretary

Thank you, Mr. Dharmender Sharma for your question

We have one more shareholder. Mr. Suresh Kumar Mishra? Mr. Suresh Kumar Mishra? Mr. Suresh Kumar Mishra, can you hear us? Kindly unmute yourself.

Mr. Suresh Kumar Mishra

Hello everyone, Listen me?

Mr. Mohd Sagir, Company Secretary

Ya, we can listen you

Mr. Suresh Kumar Mishra

I am Suresh Kumar Mishra; I am shareholder of the Company and I have 1 question only.

Please share the thought process behind diversifying into the chemicals segment, given that our primary business has been textile spinning?

Thank you, Listen me.

Mr. Mohd Sagir, Company Secretary

Thank you, Mr. Suresh Kumar Mishra, for your qualitative question.

Mr. Suresh Kumar Mishra

Thank you so much

Now, I request, Mr. Brijendra Agarwal, Mr. Brijendra Agarwal, kindly unmute yourself and go ahead with your question. Mr. Brijendra Agarwal, Mr. Brijendra Agarwal, can you hear us? Mr. Brijendra Agarwal, Mr. Brijendra Agarwal.?

Mr. Brijendra Agarwal

Yes

Mr. Mohd Sagir, Company Secretary

Yes, yes. Mr. Brijendra Agarwal, we can hear you.

Mr. Brijendra Agarwal

Are you hearing me?

Mr. Mohd Sagir, Company Secretary

Yes, Yes Sir.

Mr. Brijendra Agarwal

Good morning, everyone, I'm Brijendra Agarwal. I have reviewed the annual report of our company and noticed that all Non-Executive Directors attended both the Board and committee meetings, which is quite rare. This reflects the Board's strong commitment and dedication to good corporate governance, as well as the impeccable planning by our secretarial team.

I would like to extend my congratulations to Mr. Sandeep Kumar Jain and Mr. Mohd Sagir for their

exceptional work. The secretarial team has demonstrated remarkable capability. It is evident that all the directors are deeply committed and actively involved in the company's growth.

Thank you.

I have only 1 question only.

Why are the margins in the textile segment still poor compared to its peers?

Mr. Mohd Sagir, Company Secretary

Thank you, Mr. Brijendra Agarwal.

We have another shareholder, Mr. Ravish Kumar Ojha. Can you hear us, Mr. Ravish Kumar Ojha? Mr. Ravish Kumar Ojha, are you there? Mr. Ravish Kumar Ojha, we cannot hear you. Are you still there?

Dr. Meenakshi Nayar

He came on briefly.

Mr. Mohd Sagir, Company Secretary

I think he has some issues, Mam.

We have another Shareholders, Ms. Urvija Shah. Mam, can you hear us? Ms. Urvija Shah kindly, unmute yourself.

Urvija Shah

Ya, hello.

Mr. Mohd Sagir, Company Secretary

Hello Mam, we can hear you. Kindly go ahead your question.

Urvija Shah

Good morning to the Board, I have 2 questions and I would get them both to be answered specifically by the Management, I would not like a join an answer.

So, the Chemical business we have started the revenue, so when will that business break even, what is the capacity utilisation we are working at, I want to understand that when will be the business in profit? When we will start generating profit from that business?

Also, what kind of more investment needed in that business, we have infused some capital in this year, what kind of more investments needed?

And is there any plan for monetarised a land? Let me hold in rather than to putting in costly capital and we looking to infused some capital that way?

Thanks, and congrats for the highest revenue on this year, tell me more shareholders associated with the company.

Mr. Mohd Sagir, Company Secretary

Thank you, Mam, for your kind words.

I think all the shareholders is already questioned. There were few more questions from other shareholders. I will go through there. It was mainly regarding the earning calls, the challenges, and opportunities Company foresee in the coming year, the rationale for entering the chemical business, the reasons for not declaring dividends, the topline and margin of the chemical business, further investment in the chemical business as Ms. urvija shah is asked, the capital allocation policy of the Company, steps to reduce costs, manage debt, and improve brand premiums in pursuit of enhanced profitability, as well as the uppermost strategic priorities.

There was a Similar kind of queries from many shareholders regards to the Annual Report.

The response is, as per the Ministry of Corporate Affairs and SEBI circulars, printing of annual reports is dispensed for this year. Since the requirement to print and dispatch hard copies of the report and notice has been dispensed with, the company will not be printing the same. The notice and Annual Report for financial year 2023-24 have been sent to all the eligible shareholders through email pursuant to the applicable circulars issued by the Ministry of Corporate Affairs and SEBI.

Now, I will request to Chairperson, to proceed further,

With this, I hand over to the **Chairperson, Dr. Meenakshi Nayar.**

Dr. Meenakshi Nayar, Chairperson

Thank you, Sagir, (Over to you Ma'am)

Now I request Mr. Sandeep Kumar Jain, Chief financial Officer of the company to answer the questions on behalf of the Company.

Mr. Sandeep Kumar Jain, Chief financial Officer

Thank you so much, ma'am. Good morning to all the members. I will now try to answer a few questions. Overall, there were really good questions about the company's strategy and its future plans.

Now I'll go through the questions in the same order that they were asked, and will give the answers.

As regards to the Debt, At the end of FY 2022-23, the Company strategically expanded its capacity by adding 43,776 spindles. This expansion allowed us to operate at full capacity throughout the FY 2023-24, leading to an increase in working capital requirements to support the higher production levels.

Despite the additional financial demands, our Debt-to-Equity Ratio remains well within acceptable limits. We have implemented rigorous financial monitoring and management practices to ensure that our debt

levels are sustainable and aligned with our long-term strategic goals.

Regular reviews of our operational financial position enable us to maintain a healthy cash flow supporting both our operational efficiency and future growth initiatives.

As regards to the rewards to the shareholders, we are working towards a position where we can reward shareholders through dividends or other means. The timeline for this will depend on our financial performance and strategic outcomes. Notably, the company has delivered 6x return to its shareholders since its listing in July, 2019, reflecting our commitment to creating shareholders' value.

For the Capex plan, as already informed, the Company has expanded its capacity by 40% and also installed 16.855 MWp solar power plant over the past two years. Due to the current market conditions and challenges in neighboring countries, we are not planning any major capex in the near future. However, the Board may assess future capital expenditures requirement based on the evolving demand situation and decide accordingly.

Following the recent capacity expansion, the Company's debt has reached at its peak. However, with the strategic repayment of long-term debt and the retention of profits, we anticipate a gradual reduction in debt levels moving forward. This approach not only strengthens our financial position but also ensures sustainable growth and stability for the future.

As regards to the low margin of textile, Indian cotton yarn faced challenges due to the disparity between domestic and international cotton prices, affecting India's global competitiveness. The global demand slowdown resulting from high inflation and recessionary pressures in the developed economies like U.S. and the European Union, further impacted the industry. Retailers with excess inventories deferred new orders, negatively impacting the demand for cotton yarn.

Indian cotton yarn exports hit a decade-low level last year. While spinning units were able to pass on the increase in cotton prices to some extent, the significant drop in sales volume, coupled with rising costs, led to a contraction in operating profitability margins.

However, after facing numerous challenges, the Indian cotton yarn industry is poised for improvement. This recovery is expected to be supported by several factors. Firstly, the parity with international cotton prices will enhance the competitiveness of Indian cotton yarn. Secondly, there is a shift in demand from neighboring nations, which can create opportunities for Indian cotton yarn. Moreover, the recovery in global and domestic demand from downstream industries will further contribute to the growth of the cotton yarn sector.

As regards to the thought for diversifying into the chemicals is that this strategic move to diversify into chemical business aims to open new avenues and growth opportunities for the company, while also creating value for our shareholders. Additionally, it provides a hedge against sector-specific risks.

By entering into new industry, we are hopeful to achieve more stable and diversified revenue streams.

As regards to the dividend policy & not declaring dividends, we are currently in a dynamic growth phase having expanded our textile business, launched a new chemical division, and installed a solar power plant to enhance our energy efficiency. These initiatives required substantial capital investment and time to stabilize. As a result, the Board has decided not to declare dividend for this financial year. However, the Board may consider declaring dividend in the future.

We remain steadfast in our commitment to our stakeholders and are focused on creating additional value for our customers. Since our listing, we have delivered 6x return on investment. Our strategy of reinvesting profits into growth and key investments are designed to enhance long-term shareholders' value and support the sustainable growth of the Company.

As regards to the Chemical business of the Company in Q1 of FY25, the chemical business reported a topline of ₹3.6 crore. This performance, given the substantial investment of nearly ₹91 crore, reflects the initial phase of our expansion and operational ramp-up. The lower-than-expected revenue is attributable to delayed market entry, slower-than-anticipated customer acquisition. We are actively addressing these challenges and confident that as operation stabilizes, revenue growth will align with our long-term projections.

The revenue potential of the chemical business is very significant, once fully operational and market penetration is achieved. Our strategic investments and operational improvements are aimed at unlocking this potential and driving substantial revenue growth in the coming quarters.

In the chemical business, we expect to achieve good operating margins, once we reach full utilization and operational efficiencies.

As regards to the earning calls, right now, earnings calls are not part of our communication strategy. However, we see the value in being more transparent and engaging with shareholders. We are looking into different ways to improve our communication including possibly adding earnings calls in the future to provide better insights of our financial performance and strategic plans.

As regards to the challenges and opportunities, In the coming years, we anticipate both challenges and opportunities in domestic and international market. We may encounter issues such as commodity price fluctuations, changes in cotton prices, global market disturbances, ongoing wars, and pressure in supply chain; all of which could impact our business. Additionally, variations in cotton crop yields, due to erratic weather and monsoon cycle might also affect our bottom line.

To address these issues/challenges, we have diversified into the chemical sector to provide a more stable revenue stream and also venturing into chemical consulting as well. While challenges are inevitable, our strategic initiatives should enable us to capitalize on new opportunities and strengthen our business.

As regards to the capacity utilization in the new plant-Despite disparity between domestic and international cotton prices, decline in global demand due to high inflation and recessionary pressures in developed economies, we successfully operated our plant at 97.81% capacity during the year 2023-24. We

anticipate to maintain this level of operation moving forward. We are continuously monitoring our performance to optimize operations and achieve our targeted utilization ensuring maximum efficiency and productivity.

As regards to the topline and margins of chemical business- As we have just started operations, we are still assessing our topline and margins for the chemicals business at full capacity. We're happy to share that we're receiving very good response from the industry and customers.

We are very optimistic about the future. As we continue to improve and expand, we expect positive growth in both revenue and profit margins. Our primary goal is to address the initial challenges and leverage the positive industry response to achieve long-term success.

As regards to the further investment into the chemical business- We have already invested ₹91 crore in our chemical business. As previously committed, we plan to invest an additional ₹30 crore, bringing our total commitment to ₹120 crore. This investment will facilitate further expansion, enabling us to introduce new products and enhance our operational capabilities.

As regards to the capital allocation policy of the company- Due to our recent expansion and diversification efforts, we have been focusing to stabilize our operations. However, considering both internal and external requirements, we are continuously evolving to frame a policy aiming at maximizing value for our shareholders.

Our capital allocation policy will aim to maximize shareholders' value by prioritizing investments that offer the highest returns. We are committed to maintain an optimal debt-equity ratio and ensuring sufficient liquidity to meet operational needs and support strategic growth.

As regards to the steps for reducing costs, manage debt, and improve brand premiums in pursuit to the enhanced profitability- The company has installed 16.855 Mw solar power plant which is catering around 21% energy requirement of the company, thus reducing our power cost. Besides, there is continuous drive in the company for the small improvements at all level to reduce any wastage. The newly launched brands of Unit 4 are getting very good response from the markets, enhancing brand premiums, and improving profitability.

Thank you everyone and our dear Shareholders for your kind words, comments, and suggestions, which we take very seriously in the best interests of the company.

If I miss any point let me know but otherwise, I think I have covered all the points.

Thank you once again for giving me the opportunity to answer the questions.

With that, now I hand over to Mr. Mohd Sagir, Company Secretary

Thank you.

Unmute yourself Mr. Sagir

Mr. Mohd Sagir, Company Secretary

Thank you, sir. I think all the questions have been answered.

Now pursuant to the provisions of Companies Act 2013 and the SEBI listing regulations, the company has provided facility for voting by electronic means to all its members to enable cast their votes electronically and the business may be transacted through such e-voting. For this purpose, the company has tied up with the e-voting system of NSDL for facilitating voting through electronic means as the authorized agency. The company provided remote e-voting facility to all the persons who were members on September 10, 2024, being the cut-off date for the vote on the businesses set out in the notice of AGM. Members attending the AGM today who have not cast their votes by remote e-voting are entitled to exercise their right to vote by e-voting.

Ms. Pragnya Parimita Pradhan, Practicing Company Secretary has been appointed by the board as the scrutinizer for e-voting today. The results will be declared within 48 hours from the conclusion of this AGM after considering the e-voting done today by members and also the remote e-voting already done by the certain members. The results along with scrutinizer 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.

**With that, I hand over back to the Chairperson, Dr. Meenakshi Nayar.
(Over to you Ma'am)**

Dr. Meenakshi Nayar, Chairperson

Yes, thank you, Sagir, and Thank you everyone. Thank you, members, for asking very insightful questions on this virtual AGM. Members attending the AGM today who have not already cast their vote by remote e-voting may cast their vote on the e-voting platform now. You are given 15 minutes time for e-voting.

Further, I hereby authorize Mr. Mohd Sagir, the Company Secretary, to declare the result of the voting and place the results on the website of the Company at the earliest.

The resolutions as set forth in the notice will be deemed to be passed today, subject to the receipt of the requisite number of votes.

I once again thank you all for participating in this AGM and I hereby declare the proceedings as closed.

Thank you very much.

Mr. Mohd Sagir, Company Secretary

Thank you, Mam, Thank you everyone.