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NSE Code: GHCL

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Corporate Relationship Department,
1st Floor, New Trading Ring, Rotunda Building,
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BSE Code: 500171

Dear Sir / Madam,

Subject: Filing of Transcript regarding Investors' conference held on March 17, 2020

In continuation to our earlier communication dated March 16, 2020 regarding Investors' conference on March 17, 2020. We are pleased to attach copy of the transcript regarding said Investors' conference held with the management on March 17, 2020 for your reference and record.

You are requested to kindly acknowledge the receipt and please also take suitable action for dissemination of this information.

Thanking you

Yours truly

For GHCL Limited

A handwritten signature in blue ink, appearing to read 'Bhuneshwar Mishra', with a horizontal line underneath.

Bhuneshwar Mishra
Sr. General Manager & Company Secretary



“Conference Call of GHCL hosted by Emkay Global Financial Services”

March 17, 2020



ANALYST: MR. ROHIT SINHA – EMKAY GLOBAL FINANCIAL SERVICES

**MANAGEMENT: MR. R.S JALAN - MANAGING DIRECTOR - GHCL
MR. RAMAN CHOPRA – CHIEF FINANCIAL OFFICER AND EXECUTIVE DIRECTOR FINANCE - GHCL
MR. SUNIL - FINANCE TEAM – GHCL LIMITED
MR. ABHISHEK - FINANCE TEAM – GHCL LIMITED**

Moderator: Ladies and gentlemen, welcome to the Conference Call of GHCL hosted by Emkay Global Financial Services. We have with us today Mr. R.S Jalan, MD and Mr. Raman Chopra CFO and Executive Director Finance. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would like to hand the conference over to Mr. Rohit Sinha of Emkay Global. Thank you and over to you Sir!

Rohit Sinha: Good evening everyone. I would like to welcome the management and thank them for giving us this opportunity. I would now handover the call to the management for the opening remarks. Over to you gentlemen!

R.S Jalan: Thank you Rohit. Welcome friends to our today's investor call. I am joined by Raman, our CFO with Sunil and Abhishek from Finance Team. We all know that the world is going through a challenging time and I guess that the current situation improves quickly across the global leading to the restoration of an environment of normalcy and growth.

The company has completed the buyback in a record time of one month, intending an outlay of Rs.70 Crores. In addition to this, the board has recently concluded board meeting has approved an interim dividend of Rs.3 per share with a total outlay of Rs.34 Crores. This has been made possible due to sound business performance and strong operating cash flows.

Further in order to unlock the intrinsic value of our shareholders, the board has approved for a scheme of demerger wherein both chemical and textile business has been split into separate entities. Both of which will be listed on the stock exchange upon NCLT approval. The services of GHCL will be allotted shares in the new company in the swap ratio of 1:1, one share of Rs.2 each for every share of Rs.10 held in the GHCL. The demerger is expected to facilitate focussed growth, concentrated approach, business synergies and increase operational and customer focus for respective business, verticals apart from exploring independent business opportunity with efficient capital allocation and attract strategic partner, lenders and other stakeholders. The entire process is likely to complete in an about 12 to 15 months.

On the business front, the recent Coronavirus outbreak has resulted in not just health emergency across the world but is also raising concerns of global economic slowdown impacting various businesses. Though it is difficult to predict, how this will impact the businesses going forward; however, currently there is no major impact on each of our business segments.

Thank you. Now we can open floors for question and answer.

Moderator: Thank you. We will now begin with the question and answer session. The first question is from the line of Ajay Sharma from Cycas Investor Advisors. Please go ahead.

Ajay Sharma: Thanks for taking for my call. For the last one to two years, the question of spinning of the textile division has always come up on the concalls, you have said that the best time to do it would be when the textile business is sort of self sufficient that is it can stand by itself. So now that the decision has been made to spin it off, does it mean that the outlook of the textile division is good?

R.S Jalan: At this point of time, I would say that because of the investors concern and the business opportunity which I see, I thought that this is the right time of looking at these two businesses separately and by separating these two businesses, we are making sure that the outlook of the textile business is healthy. Of opportunity we saw in this business going forward tremendous opportunity I see in the textile business as well.

Ajay Sharma: I understand and my last question is in light of the drop in the stock for the last few days, has there been any discussion to continue on with the buyback because the company is now trading at just 3 or 4 times and that seems one of the best investments that the company can make, right?

R.S Jalan: Buyback has certain provisions under which the company cannot buyback between one buyback to another buyback, there has to be gap of twelve months. The first buyback we have already completed on end of February, any further buyback under the provision of the company's act and the SEBI regulation, we cannot have within one year. Of course, opportunity is there but legally we cannot do that right now.

Ajay Sharma: Thanks.

Moderator: Thank you. The next question is from the line of Suyash Kapoor from Kapoor Company. Please go ahead.

Suyash Kapoor: Thank you. First question is regarding soda ash business. Sir I was studying about this Ciner which is one of the global leader, it's share price is also moving towards southward so is there any global trend, if you compare our peer that is Tata Chemical share price and your share price as well as global leaders Ciner and the share price is in a southward journey, can you throw some light on the global soda ash business?

R.S Jalan: If you look at our outlook on the soda ash in the last call which we had as we have given you detailed outlook of soda ash, how globally the soda ash is doing and how the Indian soda ash is doing and that stand of this outlook remains as it is today also. There is no major significant change between the outlook which we have said in the last call versus now and just to repeat what we said in the last call, in India today there is an oversupply situation because of the two reasons. One, a new player has entered. Second, there is a demand slowdown was also noticed and the third that even the import which is coming from outside India has also gone up. Therefore, there is an oversupply situation and under that oversupply situation, the price has already moved down which in the last call I have said that there is another possibility of 3% price down that has happened; however, at this point of time, I do not see any further drop in the soda ash prices going forward. So, I would say that stability of the prices can be visible now.

Suyash Kapoor: How much profitability will be impacted like you are saying that soda ash price may be towards downward because you are saying a new player has entered in demand supply maybe you are signaling towards Nirma, so on your profitability and you cash flow generated by you nearly about approximately 500 Crores, are you feeling that it will be impacted?

R.S Jalan: Yes, broadly if you see our outlook, this year's outlook and last year outlook, and when we compare the same, if I take the whole year then still we will be more than 70% of our profitability will be high than the last year, number one. Number two going forward like I said in the last call, our margin in the soda ash business will be in the range of around 28% and that margin we have still maintained that the margin will maintain.

Suyash Kapoor: Sir, one more thing I want to ask. If you analyze, both we and Tata Chemical are in the same business line, their focus has been towards this specialty chemicals, so soda ash like last call you may be remember, discussion was going on regarding flue gas of power plants will be there that to capture flue gas sodium bicarbonate will be needed, so that was a new opening sector for us, we were feeling sunlight sector, so please throw some light on this and regarding this corona virus, we are feeling that every business is getting affected, so do you think there is any ray of hope so that our income grows in Sodium Bicarbonate?

R.S Jalan: See I would like to highlight on two things. First thing, we are working on demerger this will definitely give us a lot of opportunity on both the businesses. This will give an opportunity of looking at some related products into both the businesses and lot of potential of many other things will happen because then we will be able to bring expertise of a particular business. You will also be able to bring the professionals in those areas of expertise and if you look at the opportunity of some new, of course I am not talking of unrelated areas in those areas, specific chemical could be also one of the area of this thing

and just to conclude about your sodium bicarbonate, sodium bicarbonate definitely has a big potential.

Suyash Kapoor: Is this progressing?

R.S Jalan: Yes. One of the customer has tried on sodium bicarbonate and they are doing that exercise and we definitely see a good opportunity in this business going forward and once that happens, once customer which is a very large customers, the moment he kind of stabilizes his usage then other customers will also come into the usage and that will bring a new opportunity into the sodium bicarbonate and we are fully geared to handle that situation.

Moderator: Thank you. The next question is from the line of Andre Purushotam from Cogito Securities. Please go ahead.

Andre Purushotam: Mr. Jalan, I have been quite kept as to how many shares of the soda ash business and how many shares of the textile business will existing shareholders get and could you explain the rationale for this ratio? That was my first question and my second question was basically are you contemplating any top management changes with your earlier statement of saying that you may want expertise to different size of the business, so can we see changes at the top level either your textile or soda ash business?

R.S Jalan: Let me address your first question. The existing company which is a GHCL Limited remains in existence and therefore shareholders of this company will remain as shareholders of that company. In addition to this, the new company which will be formed for the demerger of the textile business will pass on to the new company and from that company every shareholders for everyone's share of GHCL old company, they will get equal amount of shares as the new company; however, the value of that shares will be Rs.2 that means the shareholders who has 1000 shares in the today's existing company will get 1000 shares of the new company as well, that means, you will have two shares, one 1000 shares of existing company, 1000 shares of the new company and the face value of that share of new company will be Rs.2.

Andre Purushotam: Okay and what are the logics for this ratio?

R.S Jalan: Logic is that we are giving the equal number of shares for both the companies post the demerger; however, the value we are keeping Rs.2 to keep the share capital of the new company at a lower level so that the serviceability and textile will be separate and therefore the equity of that company will be roughly around 20 Crores.

Andre Purushotam: How much?

- R.S Jalan:** 20 Crores. I am just giving the approximate number. The total capital of today is around 95 Crores. Two company shareholders will be getting at equal amount of shares as in the existing company and the value of that will be Rs.2. So, the capital of that new company will be around 19.5 Crores. Second question which you raised about the top management. Depending upon the need of the business, it will be too early to talk about that but surely this will definitely help the management of the new company as well as the existing company. To look at expertise and if required to hire those expertise and if that is required like we can have focussed group of board member also into the new company which can be expert in those areas. That can also be done. Textile we can have people into the board of Textile Company which are textile experts whereas in the soda ash or the chemical business, the people who are expert in the chemical business will be on the board. So that way we will try to bring the expertise in terms of board, in terms of the management, in terms of the growth opportunity.
- Andre Purushotam:** Thank you very much.
- Moderator:** The next question is from the line of Dixit Mittal from Shubhkam Ventures. Please go ahead.
- Dixit Mittal:** My question is on this demerger like will there be any investment from parent company into the textile company and how much will be the debt that will go out post this demerger?
- R.S Jalan:** Two things. One is that the separation will happen on the knee jerk separation. All the assets and liabilities of the textile business will move to the new company. There will be no fresh investments by the chemical business for the new company because these are two separate company listed onto the stock exchange separately.
- Dixit Mittal:** Can you give some indication, how much debt will go out of the balance sheet and how much assets will go out?
- R.S Jalan:** Like I said this process of demerger as you know that it has to go through the various processes and finally it has to be approved by the NCLT. This demerger will get impacted, the day we get the NCLT order and we file that NCLT order with ROC, on that day, whatever the assets and liabilities of the company will be there that will get transferred to the new company.
- Dixit Mittal:** As of now, can you give some rough estimates?
- R.S Jalan:** In December approximately my understanding was, our bank borrowing or the debt was in the range of around 450 Crores.

- Dixit Mittal:** On textile?
- R.S Jalan:** On textile. That will move to the textile business.
- Dixit Mittal:** Okay and assets any rough estimates?
- R.S Jalan:** Assets, broadly I can tell you approximately around net assets will be roughly around 900 Crores kind of a number.
- Dixit Mittal:** Coming to outlook on both the companies in light of this new developments that are happening globally, so specifically in yarn, do you see any near term or may be middle term impact and similarly on soda ash also because it is the global economy heading to recession, so do we expect any sharp fall in the prices in soda ash also?
- R.S Jalan:** At this point of a time, it is very difficult to predict what will happen because of this Coronavirus impact; however, my judgment till now is that it will not have any major impact on the chemical business, number one. Number two, on the textile side may be some impact may happen because largely textile has some element of the exports and that exports element may have an impact overall on the textile but as of now there is no impact.
- Dixit Mittal:** As of now in this quarter, you have not taken any price cuts in any of the business?
- R.S Jalan:** Not really. Frankly speaking on the soda ash price slightly it should kind of a slightly positive because of the import can slightly go down. So, all it has to be seen in the next I would say few weeks.
- Dixit Mittal:** Sir, you mentioned in your remarks that next year there may be around 28% margin in soda ash but in the light of this input deflation, so can we expect like around 30%-31% margin because that was earlier indication I think from your side?
- R.S Jalan:** No, last call also I have said the similar kind of a number and at this point of a time, we are maintaining the same.
- Dixit Mittal:** Thank you Sir.
- Moderator:** The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.
- Sarvesh Gupta:** Thank you Mr. Jalal and Mr. Raman. First of all, congratulations for announcing this shareholders friendly measure because world over I think people are not valuing conglomerates appropriately and this seems to be in line with a vision that we have. Now

coming to this demerger, one question that I had was will the lenders allow this because the textile business seems to have 100 Crores EBITDA and you are saying 500 Crores or debt, so the debt serviceability might be a problem especially in view of the poor economic scenario, so any thoughts on that?

R.S Jalan:

At this point of a time, our understanding is we will be able to take the confidence of the lenders as well because assets or the total demerger which is taking place where the textile is also been carved out on a healthy assets and liabilities. Debt equity ratio as I explained to you, debt equity ratio will also be very, very favourable even we have looked at EBITDA of debt coverage ratio. All those ratios we have broadly seen and after a long discussion with our finance team, we are reasonably confident that we will be able to get the approval of the lenders.

Sarvesh Gupta:

Can we Sir with regards to this is recent fall in the share price, GHCL has been fairly equity stock as such, so any events that will ascribe or anything nearly such companies with fairly stable profitability and business not fall so much anything that has come to your notice that you would like to share?

R.S Jalan:

Frankly speaking this question needs to be answered by the investor himself. We as a management, our role is to look at the company is running efficiently under the high standard of corporate governance and run which is completely process ready and on behalf of the management, I can only tell you that on these parameters, we have always been successful and will continue to be successful on this.

Sarvesh Gupta:

Thanks, about that. Lastly, on the soda ash business now given the shutdown that happened in China, I think there are two to three aspects to the soda ash business. One is the fall in the demand of soda ash globally because of the shutdowns which are happening everywhere, the second is the fall which may also happen in terms of the production and third is hence what will happen to imports in India, so any thoughts around it, I mean last time you did say that we will have 2% to 3% further decline which will be managed by the cost efficiencies resulting in Q4 profitability to be similar to Q3 but any changes to that outlook or any thoughts on how this production and demand imports in India panning out given the scenario?

R.S. Jalan:

First of all, our outlook at this point of the time but we have said in the last call remains at the same level. We maintain the similar kind of an outlook at this point of the time. Number two because of this global Coronavirus issue what is likely to happen at this point of the time is very early to speak about it. At this point of a time no production cuts, no demand cut, we have not seen anything but how this will shape up in next few weeks probably has to be worked out.

- Sarvesh Gupta:** Okay and on the textile side you keep that things are again stable as they were in Q3 no impact whatsoever has been seen even on the home textile side which is primarily exports to the US where again I think some majors have been put by the government?
- R.S. Jalan:** See like I said on the textile side of course in this quarter we do not see any major challenge; however, going forward again this Coronavirus issue, how the retailing takes place in US, how long this Coronavirus issue is being making an impact on the global scenario has to be worked out. But if it continues through a slightly longer period of time definitely some impact will be there for the textile industry overall because if the export does not come down or the retailing goes down definitely that should have an impact on textile industry per se.
- Moderator:** The next question is from the line of Viraj Kacharia from Securities Investment Managers. Please go ahead.
- Viraj Kacharia:** Thank you for the opportunity. Just have two questions; both on the soda ash only, just kind of understanding what is the inventory now in the system in India and what is the price realization that we are getting now after the price cut we are seeing, it is the cut more than compensated but drop in RM or is there some pressure on the spread?
- R.S. Jalan:** Like I said at this point of a time prices are more the less stabilised so we are not seeing any further pressure in the price at this point of a time and in terms of inventories I think gradually not any significant drop has not happened but some amount of drop has happened in the inventories.
- Viraj Kacharia:** Sir but you said something about imports being low incrementally any particular reason why we are expecting that or is this just purely because of the China shutdown or how should one understand this?
- R.S. Jalan:** Basically, there are two-three things which has happened one is definitely because of this price drop which was happened in the last few months has made the domestic industry more competitive in terms of the pricing for the consumer that is number one. Second, as you know that the rupee has slightly weakened that also helps in kind of bringing the closeness of the pricing or you get more advantage of the pricing, you have the dollar was in the range of around 74 all those things helps. Third, I would say that because of this whatever the global situation of the help that will also reduce some kind of imports because of the fear factor also somewhere.
- Viraj Kacharia:** Sir globally what is the inventory or the demand supply equation right now is it more on the surplus side are we seeing inventory is getting build up?

- R.S. Jalan:** Globally, I would say at this point of the time that is not very much to work that oversupply situation but yes to some extent not significant but some yes because of this Turkey has come into the production after the slight oversupply situation is there and there is primarily I would say China no I would not say that the China is having any major oversupply situations. It will be more on Turkey and to some extent Iran and some US.
- Viraj Kacharia:** That is all. Thank you.
- Moderator:** Thank you. The next question is from the line of Resham Jain from DSP Mutual Fund. Please go ahead.
- Resham Jain:** Thank you for the opportunity. Sir just two questions one is on old prices, we have seen it has moved up at in last 15-20 days that again has come down and just correlating with what the soda ash prices have been behaving. Is it in line with that?
- R.S. Jalan:** Yes, if you look at the coal prices, I would say that the coal prices are at this point of the time is on the lower side and that is definitely helping the industry in terms of managing their cost and that is why I said around 28% of the margin will be stable and definitely the coal prices has been to linking that.
- Resham Jain:** Just this 3% price drop is equivalent to the kind of coal price decrease which we have seen is it more or less similar?
- R.S. Jalan:** Two things Resham, one is that the coal prices we also do not see the coal prices going up from here, so therefore and the soda ash prices as I told you soda ash prices looks to be stable. So, this margin which we are talking about looks to be fairly stable at this point of the time. Just to answer your question about the coal prices, some impact of the coal prices on the favourable side has been changed the soda ash but whether that 3% reduction will be 100% will be compensated by the coal prices no, because there are other areas also like coke, there also some improvement in the pricing or the prices have gone down and overall if you see the building which we have done that will also help us. Overall, we will be in a position to maintain the margin.
- Resham Jain:** Sir my second question is on textiles one of the other guys have also asked is on the net debt to EBITDA ratio which is currently if you look at the EBITDA of textile business closer to 120 Crores this year and 450 Crores of debt. What we understand is that there have been certain non-core assets also in textile business. So, will that remain in GST and or that will get demerged and the similar the way you have acquired long back it will move in the same way into the subsidiary or the vertical demerged company?

- R.S. Jalan:** Everything relating to this textile business will move to the new company including the non-core assets.
- Resham Jain:** What is the value of that Sir?
- R.S. Jalan:** I do not know what will be the value of that because we have really not examined that value of that but I think it will be a reasonably good number will be there.
- Resham Jain:** Any plan to reduce this because you yourself mentioned with the global situation getting worsening there is a possibility that there can be lower demand and other stuffs. So, will you be initiating any action on divestment of the non-core assets because that can be crucial because of the higher net debt to EBITDA ratio of the company?
- R.L. Jalan:** Two things I would like to highlight here is one, the moment we are separating these two companies, that means the capital allocation remains of the different company has their own priorities so that will bring because always the investor had a concern about capital allocation. The moment we are separating these companies the new will have all those opportunity of doing that. Second, prior to talking about the disinvestments, if you remember the discussion which we had in the past we always made a statement saying that every business has to justify their own existence. So that will also get addressed by doing this demerger. Third, yes you are right if that opportunity of that need is required we will not hesitate in disinvesting the non-core assets.
- Resham Jain:** Thank you very much Sir and all the best.
- Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** Thank you for this opportunity. Sir firstly congratulations to the team for looking into our request of that investor fraternity and doing it lastly. Sir if you look at the antidumping duty from Iran we have instigated something on that any update on that Sir?
- R.S. Jalan:** Yes, we have initiated and the government has accepted our request and the investigation has already started on an anti-dumping duty on Turkey and US number one. In addition to that we have also instigated subsidies on Turkey and that also been accepted and that also has got initiated. So out of these two both the investigations are on just see how the results come.
- Saket Kapoor:** Sir the second point I missed for Turkey you spoke again what was that?

R.S. Jalan: One is the antidumping so once the antidumping application we have made for Turkey and US that is number one, second is a subsidy if any government, any country if they give any export any incentive to make that business noncompliance WTO subsidies to make that. So, there is separate provision under which we can file the subsidy application and that subsidy application is also under consideration of the government where base is we have been able to prove that Turkey is giving some subsidy to their soda ash industry so to that extent they will be a benefit to given to the domestic producers by imposing that kind of amount on the antidumping. So that will be separate provision will be there, separate embargo will be there you can say that.

Saket Kapoor: Okay and for the Iran any update. Iran, we have just initiated?

R.S. Jalan: No Iran we have not initiated anything because Iran is a very small volume which is not making any major impact on to the market. The major impact comes from Turkey and the US and therefore we have focussed only on these two countries.

Saket Kapoor: Sir on the Greenfield project partner as per the new norms stated before the budget wherein if we incorporate a separate company we would be getting the lower tax benefit. So are we still going ahead with that Greenfield expansion in-house in GHCL or we can look for a separate entity altogether being a subsidiary or in some way and then have different player see player invited to participate in that green field expansion or have we not taken any beyond that.

R.S. Jalan: Right now, we have not taken any view on but all these points are on our agenda and we are continuously looking at what should be the best way. That is friendly and where the opportunity of a partnership from somebody from outside all those things will be examined with due course of time.

Saket Kapoor: Sir last point about that value addition part, you told that value added products and all you will be going forward. So, if you could give some what kind of mix are we going to look in the value added segment. If we compare your pear the pear has already started investing and some of them the fruits will start delivering so are we also working in the same line or we will be focusing first on building this new capacity in the phased manner and then reaping the benefit and therefore looking into value added later on. Just wanted to understand how will value added be a part going forward for this chemical?

R.S. Jalan: If you look at the value added part of sodium bicarbonate that is immediate and that will happen in the current location and everything will be done on the value added of that into the current basis or into the current location. So far as other opportunities are concerned other value added products will be there that will be somewhere linked with the new

Greenfield project because there you need the space, you need infrastructure something like that that will be part of that but sodium bicarbonate will be part of their current location.

Saket Kapoor: Sodium Bicarbonate we are doing any expansion right now we are already 60,000 tons I think?

R.S. Jalan: Yes, we are preparing ourselves for growth into the sodium bicarbonate at our existing location going forward but right now we are not incurred any capital on that.

Saket Kapoor: Okay but you will be expanding the capacity that is what you are trying to come?

R.S. Jalan: Yes, the capital allocation is very small for that business.

Saket Kapoor: Last point you said that we have always wondered about the low P/E ratio commanded by us earlier said it was different businesses in house under one roof. Now the thrust has been taken by the board two of demerging it. But just being fortunate or unfortunate the P/E ratio has moved downwards with the fall in the market. So just wanted understand how should investor value a company with these kind of cash flow available at 3 P/E or 4 P/E and the expansion somehow in the P/E valuation is not happening so that you have taken whatever steps we can understand or investors can look into has come up. Looking into what the environment is all about mean what will happen that how can P/E now expand because it is not investors are at base at right time this time because of whatever the fall has happened, so P/E have contracted any thought process on that?

R.S. Jalan: First of all, it is a question which is very difficult to answer at this point, but one thing defiantly as an individual I would like to say that, I always believe in one thing that is "Work is Worship, as your deeds so the fruits from the almighty God" so I believe in that that you continue to do your best, you continue to do the right thing and ultimately someday definitely you will get the reward for that. Our role is to run the company efficiently, run on ethical method, run strong corporate governance, meet the stakeholders expectation and we are doing that. If anything, you think that we should that we are happy to do that.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from Sunidhi Securities. Please go ahead.

Rohit Nagraj: Thanks for the opportunity. Sir, we have reduced by our debt by 200 Crores in the first nine months so is there any possibility of whether reduction in that debt during the demerger process which will happen over the next 12 to 15 months and maybe we would like to reduce on debt on the textile's front given that their participants have also talked about the net debt to a bigger ratio?

R.S. Jalan: No, surely as you rightly said that if you look at during the three months which is beyond December, on one side we have invested or the board if I can say so by buyback to our shareholders now we have given the interim dividend also. In this three months I do not see any major reduction into the debt; however, next year again we have a strong cash flow and definitely that will help to reduce the debt and the benefit of reduction of debt will definitely go to some extent will go to the textile business as well.

Rohit Nagraj: Sir just small clarification, almost two and half months of this quarter is over and even the Corona impact has been there for about one to one and half months, so have we seen any kind of reduction in terms of the exports order on the textile front although the impact may not be during this quarter but may be some reduction in the future orders for Q1?

R.S. Jalan: No such kind of reduction up till now.

Rohit Nagraj: Thank you so much and best of luck.

Moderator: Thank you. The next question is from the line of Riddhesh Gandhi from Discovery Capital and this is the last question. Please go ahead.

Riddhesh Gandhi: I think this is a great initiative and just to point out I think since you guys have decided to effectively hire new auditors, put in forward governance and etc., I think initiatives have been great and we as shareholders between the buybacks and dividends have received back about 30% of the existing market cap in last three years and so appreciate that hopefully such initiative helps to re rate the story a more reasonable level. Just couple of questions on the home textile front what I understand is a large amount of profitability is with yarn as opposed to the home textiles so in the event in that there is a slowdown would we be able to short of limit their losses of the home textiles division and can I continue to make this spreads in yarn?

R.S. Jalan: Two things I would like to highlight. That initiative of cost reductions as I already been taken into the action and purely the focus will continue as we go forward and I am personally looking after that the situation and there is a time to limit or time to reduced the cost to the home textiles without compromising on our business opportunities so that is also very important. If that does not happen in the desire of reducing the cost you will lose the business opportunity but we are very aggressively looking at and optimization of our cost and reducing our cost and that thing you will see next year into the home textile. Insofar as the capital allocation is concerned as we have been saying before our entire focus on the capital allocation if I talk about the textile business it is primarily on the spinning side. So, we are not allocating much capital on to the home textiles side and I

am very hopeful that things will turn out to be better for the textiles in totality where the home textile will also contribute. I am very hopeful.

Riddesh Gandhi: On the spinning side are you all seeing any compressions in the conversion margin and that the premium over cotton prices?

R.S. Jalan: Not really. At this point of time, we do not see any compression in the margins. Frankly speaking, if you look at last time except the Coronavirus impact which I do not know right now that will shape out but right now it is too early to talk about that. Otherwise, like I said in the earlier call also spinning have started doing better in the third quarter we were slightly better and the fourth quarter probably it should be slightly more better than third quarter as well. The things are improving in the spinning side I can say that.

Riddesh Gandhi: Got it. That is it from my side.

Moderator: Thank you. I now hand the conference over to the management for closing comments.

R.S. Jalan: Thank you very much to all the participants and our stakeholders. Like I have always been saying we will do our best to make sure that the businesses run efficiently with a very high standard of corporate governance and create the value for all our stakeholders. That is our mission and we will surely pursue our dream of finishing this day in and day out. If you have any other clarification, please do get in touch with us. Our team will always be there to give you all the clarifications which you require about this demerger or any other questions. Thank you very much everyone.

Moderator: Thank you. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us. You may now disconnect your lines.