

GHCL Limited
Transcript of 37th Annual General Meeting
July 6, 2020
9.30 am to 10.45 am

Participants present through VC:

Mr. Sanjay Dalmia
Chairman of the Company

Mr. Anurag Dalmia
Vice Chairman of the Company

Mr. Neelabh Dalmia
Executive Director (Textiles)

Dr. Manoj Vaish
Independent Director

Mrs. Vijaylaxmi Joshi
Independent Director

Justice Ravindra Singh
Independent Director

Mr. Arun Kumar Jain
Independent Director

Dr. Lavanya Rastogi
Independent Director

Mr. R S Jalan
Managing Director

Mr. Raman Chopra
CFO & Executive Director (Finance)

Mr. Bhuwadeshwar Mishra
Sr. General Manager & Company Secretary

Mr. Monish Sharma
Statutory Auditor: Representing M/s S. R. Batliboi & Co. LLP, Chartered
Accountants

Dr. S. Chandrasekaran

Secretarial Auditor: Representing M/s Chandrasekaran Associates, Company Secretaries

Scrutinizer: Mr. Manoj R Hurkat, Practicing Company Secretary

Other key executives and senior management and Shareholders

Bhuvneshwar Mishra, Company Secretary

Welcome Address to shareholders

Dear members and respected members of the Board, I on behalf of the company welcome you to the 37th Annual General Meeting of the Company. The time by clock is 9.30 a.m. and adequate number of members are personally present through video conferencing to form quorum of the meeting. Chairman sir has confirmed the meeting in order. As per the circular issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India and to maintain social distancing due to COVID-19, listed companies are permitted to have their AGM through video conferencing or other audio visual means. Your company has obtained services of CDSL to provide facilities for conducting 37th AGM through video conferencing and also providing e-voting facilities during the 37th AGM. I would like to announce that Shri Sanjay Dalmia, Chairman of the Board, Shri Anurag Dalmia, Vice Chairman, Dr. Manoj Vaish, Chairman of Audit Committee, Smt. Vijaylaxmi Joshi, Chairperson of the Nomination and Remuneration Committee, Shri A K Jain, Chairman of Risk Management Committee and Stakeholders Relationship Committee are present through video conferencing. I would also like to announce that Shri R S Jalan, Managing Director, Shri Raman Chopra, CFO & Executive Director (Finance), Shri Neelabh Dalmia, Executive Director (Textiles), Justice Ravindra Singh, member of Audit Committee, NRC Committee and Dr. Lavanya Rastogi are also present in the meeting through video conferencing. I would also like to announce that representative of S R Batliboi, Statutory Auditors, Dr. S. Chandrasekaran, Secretarial auditor and Mr. Manoj Hurkat, Scrutinizer appointed by Board are also present in the meeting through video conferencing.

Chairman of the Board will take as Chairman of this meeting. With the permission of the Chairman, I would like to make announcement in relation to statutory requirements. Notice dated May 20, 2020 of the AGM has been circulated to the members and set out on page no. 87 to 95 of Annual Report 2020. If the permission of the members, it is considered as read. Balance Sheet as on March 31, 2020 along with all required annexures and attachments are placed and laid before this meeting. The register of directors and key managerial personnel and their shareholding, register of contracts or arrangements in which directors are interested, certificate from the auditors of the company under SEBI (Share Based Employee Benefits) Regulations, 2014 and all documents referred in the notice and explanatory statements are available at the registered office of the Company for electronic inspection. Members seeking to inspect such documents can send an email to secretarial@ghcl.co.in.

Board's Report dated May 20, 2020 including Business Responsibility Report, MDA and Integrated Report are made part of the Annual Report and is circulated to the members. With the permission of the members, it is considered as read.

Corporate Governance Report along with Auditors' certificate on Corporate Governance is presented on page no 165 to 198 of the Annual Report 2020 and is circulated to the members. With the permission of the members, it is considered as read.

Secretarial Audit Report is presented on page no 193 to 196 of the Annual Report and is circulated to the members. With the permission of the members, it is considered as read.

Independent Auditors' report dated May 20, 2020 presented on page no 199 to 207 of the Annual Report is placed before this meeting. Section 145 of the Companies Act 2013 required reading of Auditors' qualifications, observations or comment which has adverse effect on the functioning of the company, before the AGM. I would like to inform that Auditors' report in the matter of your company is free from any qualifications and observations hence need not required to be read before the AGM and can be taken as read.

Sir, the announcement relating to statutory requirements are completed. I would request Chairman Sir to please deliver his speech.

Sanjay Dalmia, Chairman of the Meeting

Chairman's Speech

Jai Bharat Maa

You see this year though our financial year finished in March. But it is about a month and from March or end of February, India was also affected by this corona virus and subsequent to that it has been about nearly three to four months for which we have been under various situations. Some are having disease or hospitalized, some are home quarantine and some are supposed to do work from the house. Lately some office and factories have started but I have come to that so with this disease, which is still there in India and supposedly increasing in numbers, so it is matter of concern and Government is well already taking different majors to contain this to see how people can get the relief etc.

I want to tell you meanwhile, you see, one of our sister companies DHL is in advance stage of human trial for this product, it is an Ayurvedic product, we are in the advance stage and we do hope that in this month, month of July, we will get necessary permission etc. to start getting marketing that first Ayurvedic drug and first drug because vaccinations etc. are still not really in the offing, it will going to take couple of months. So Ayurvedic is the only answer for the time being. So it is matter of great joy for all of us that one of our sister company will be one of the first or the first to present this medicine with government permission to the people of India and to others. So it is matter of great happiness and joy for us. Now coming into the economy, you see because of all this closed down etc. economy has really suffered but last couple

of weeks, it has started opening. We started our opening from end of April and gradually we have starting increasing our capacity utilization in all our plants but let me first explain the Indian economy. You see, we are concern about the state about the Indian economy but there is definitely progress and improvement in the economic activity day by day week by week and I am sure if the result and efforts made by the government and everyone all of us will steer us through. So may be by another month or two we will be come back to normal economic activity. One thing which is happen days, the emphasis on the Atmanirbhar Bharat , so it is very-very good step. What is it mean? It means most of the things goods and services which is required within the India should be made and run by the Indian company that is basic philosophy of Atmanirbhar.

Now I want to take back to some of the other countries, where they have done this before, you see what going to happen is. We have a very big market, we have 130 crore people. So two thing is being done by the government, one is to incentive to people who make in India goods and services another thing is to make available necessary purchasing power the people who acquire the purchasing power to start using the goods and services. Now these are true prolong affect. I want not to go into the details because most of all know about it, what government has done to bring the jobs and money to the lowest data of the people, so that their income level can improve so they can start taking part in the economic activity. You all know that India is such a big market and if there is proper purchasing power from rural to urban to all part of the society. They don't need any other market, we don't have to export. I am not suggesting, we should not export. I am saying, if I have a market of 130 crore people for all the products. Let's say detergent if we all of us which we are using but what is consumption level of per capita is very low as compare to norm. If the consumption level goes up to the norm or little less than the norm even, I think our requirement of detergent will be many fold which means requirement of Soda Ash will go many fold. Same is for textiles, home textiles or garments; our consumption per capita is very low, once it goes up, our requirement of production will go many fold and that is the idea, that is exactly in the mind of the government and government is moving towards that. , That does not mean to shut the Indian economy but to make it to so self-reliant, self-vibrating that we don't require outside market. If we have it, it is a bonus, it is not mandatory. There are certain issues, like import which are dependent so we have to get over these whether the industries or defence whatever it is. Now these are things happening in this country and it is happened because of the problem of corona. Had it not been there, probably we would not gone to like fast to making India self-reliant. There was a program but it was not pursued that fast. Now it is going to pursue very - very fast.

As far as your company is concern, last year was quite by and large all right. This first quarter is going to be an issue, not for us for everybody but probably, we will be as far as we are concerned, we are better than our competition in terms of capacity utilization etc. so it is a good thing and in the second quarter July September probably we will be getting out of mess which is being there in the first quarter. So all I can say that this 2020-21 will be definitely better than the first quarter of 2020 that is all I can say. I don't want to speculate that how much better it will be but as the Indian economy opens up and grows we will be also better job than the average that all I can say.

Now I want to give my greetings to the shareholders who come all the way wherever they are attending this and to the staff, management, workers of the company who in the first quarter able to hold and fought. It is a matter of great satisfaction that we have been able to by and large hold for and looking forward to the second quarter to make it nearly normal and third obviously third and fourth will be much - much better. This all I want to say.

Thank you very much

Will proceed with the items one by one and feel free, if you have any query or anything, we will be very happy to give you proper satisfaction.

Now I request to Secretary to proceed with the agenda. Please go ahead.

Bhwneshwar Mishra, Company Secretary

Thank you very much sir. I would like to take up the items of the agenda. However, before taking up the agenda, I would like to state that pursuant to provision of Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and listing regulations, Company has provided remote e-voting facilities in respect of resolutions listed in the Notice to the meeting.

The members present in the meeting through video conferencing or any other audio visual means and not voted remotely through CDSL platform as provided by the company have one more opportunity to cast their vote through electronic voting system during the course of this 37th AGM

We would like to inform that the remote e-voting facilities was closed at 5 PM, yesterday on July 5, 2020. Hence, once the voting through electronic voting system during the course of this 37th AGM is over, the Scrutinizer shall follow the process for preparing the results.

Members present in the meeting and who have already voted during the remote e-voting period, are requested to refrain from voting once again through electronic voting system during the course of this 37th AGM. In case of duplication, votes casted today through electronic voting system will be ignored.

The entire agenda item will be taken by e-voting and Board of Directors have appointed Mr. Manoj Hurkat practicing Company Secretary as Scrutinizer for the entire voting process conducted through electronic voting system of CDSL (both Remote E-voting and E-voting during the 37th AGM). The Scrutinizer has informed that the voting process through the CDSL e-voting platform has been again enabled for casting vote during the 37th AGM by those shareholders who could not earlier cast their vote through remote e-voting process.

Now I would like to take up the agenda items one by one.

1. Item no. 1: Adoption of audited financial statements (including consolidated financial statements) of the Company for the financial year ended March 31, 2020

Sir, item no. 1 is an Ordinary Resolution, which is related for Adoption of audited financial statements (including consolidated financial statements) of the Company for the financial year ended March 31, 2020 and is circulated with the Notice. The text of the resolution as proposed is available at Page No. 87 of the Annual Report forming part of Notice. To save time, the resolution as proposed may be taken as read and is being formally put to e-voting. For the purpose of administrative convenience the questions/views/feedback received from the members on the financial statements of the Company for the year 2019-20, will be replied to, after completion of all the agenda items. The managing director is authorized by the Chairman to respond to the questions already received through E-mail.

Chairman Sir, you are interested in the resolution for the re-appointment of Mr. Anurag Dalmia and hence requested you to appoint Dr. Manoj Vaish as a Chairman for this agenda item.

Sanjay Dalmia, Chairman of Meeting

I am requesting Dr. Manoj Vaish to take this item. Since, I am interested, he may take over this item.

Dr. Manoj Vaish, Chairman for item no. 2.

Thank you Mr. Chairman. I advise company secretary to proceed with the agenda.

Bhwneshwar Mishra, Company Secretary

Thank you very much sir,

2. Item no. 2: Re-appointment of Mr. Anurag Dalmia

Sir, item no. 2 of the notice is an Ordinary Resolution, related to re-appointment of Mr. Anurag Dalmia, as Director, retiring by rotation. This Ordinary resolution is presented in the notice as an item no 2 on page no 87 of the Annual Report. So, to save the time, the resolution as proposed may be taken as read and is being formally put to e-voting.

Now I would request Shri Dalmia Sir to take the charge of the meeting for the remaining agenda item.

Sanjay Dalmia, Chairman of the Meeting

So, we take up the third resolution i.e. appointment of Mr. Raman Chopra.

Bhuwneshwar Mishra, Company secretary

Thank you sir,

3. Item no. 3: Re-appointment of Mr. Raman Chopra

Sir, item no. 3 of the notice is an Ordinary Resolution, which is relating to re-appointment of Mr. Raman Chopra, as Director, retiring by rotation. This Ordinary resolution is presented in the notice as an item no 3 on page no 87 of the Annual Report. To save time of all, the resolution as proposed may be taken as read and is being formally put to e-voting.

Chairman Sir, in item no. 4, you are interested.

Sanjay Dalmia, Chairman of the Meeting

I am asking Dr. Manoj Vaish kindly to take up item no. 4 because I am interested in item no. 4.

Dr. Manoj Vaish, Chairman for item no. 4

Thank you Mr. Chairman, I again advise company secretary to proceed with the agenda please.

Bhuwneshwar Mishra, Company Secretary

Thank you very much sir,

4. Item No. 4: Appointment of Mr. Neelabh Dalmia as Whole Time Director of the Company

Sir, item no. 4 of the notice is an Ordinary Resolution, which is relating to appointment of Mr. Neelabh Dalmia, as an Executive Director (Textiles) for a period of five years. This Ordinary resolution is presented in the notice as an item no 4 on page no 87 of the Annual Report. To save time of all, the resolution as proposed may be taken as read and is being formally put to e-voting.

Now the session is open for question answer. Members who wish to ask questions they can ask questions by using online system. I would request the Managing Director to respond to the queries/views/feedback received from the shareholders.

R S Jalan, Managing Director

Good Morning

Thank you Bhunesh, thank you all the shareholders.

First of all, warm well to this 37th AGM and I am sure that you must be taking good care of your health and stay safe. Now I am just crossing myself if you have any questions from any shareholders who are either in the speaker list or on the CDSL platform to raise the questions. We have got some questions already in our hand. I will try to answer all the questions together as we have been doing in the past. I would request shareholders to please raise your questions.

Sanjay Dalmia, Chairman of the meeting

How many questions are there?

R S Jalan, Managing Director

Sir, we have couple of questions, around 20 questions which we have tried to summarize in a form because some kind of the questions which are repeat questions also.

Sanjay Dalmia, Chairman of the Meeting

So start with it.

R S Jalan, Managing Director

Yeah, there are one to two shareholders registered themselves as speaker on this AGM. So I would like to hear them first and then consolidate the answer the questions.

If nobody has questions because question list is also has no questions. So I would like to answer to those questions which we have receipt. We have received various questions from our shareholders, which we have summarized and I would like to give collective response covering them on sequential manner as under.

The year gone by was a challenging year both from the prospective of globe and Indian micro economic and political environment. Soda Ash Industry has remain under stress due to oversupply situation and demand slowdown in downstream surplus in the second half of the year. We have increased our production by 8% during the year and also achieved marginal increase in revenue compared to last year. This was despite significant softness in the prices. On the Textiles front, revenue was down by 11% as compared to last year. This was mainly due to weak scenario in spinning industry due to US -China trade war and also the Home Textiles was impacted due to COVID in the month of March. Thereby impacting overall textiles operations. Our overall revenue has been down by 3% and our profitability got impacted by around 60 crore due to COVID out break. Despite of this, our profit after tax grew by 13% compared to last year due to various very strong performance during the first half of the year and lower tax rate.

Covid Impact:

As you all know COVID has impacted severely overall economy both domestically and globally, causing extreme disturbance of overall demand scenario. Our plant operations remain largely suspended in the month of April and gradually restarted with the approval from respective government authorities. Soda Ash plant resume their operations from 20th April, 2020, Home Textiles plant restarted from 1st of May, 2020 and Spinning unit resumed from 6th May, 2020. The unit was currently operating at around 60%.

In Soda Ash segment, the downstream detergent sector, which constitute almost around 40% of the total market, saw the fastest revival and has reached the level of 90% utilization. Flat glass however remain the most impacted and indications are that productions losses in this segment may be the highest. We are gradually seeing the improvement in off take on monthly basis. However, we expect the overall demand to de-grew in the range of 12 to 15% in the current year.

In Textiles segment, apparel and Home Textiles industry are expected to witness demand drop over two quarters due to economy slowdown propel by nationwide lockdown. Q1FY21 will be severally impacted due to no major operation in April and low utilization of 50 to 60% for the balance period. We however believe that operating level however definitely will improve by 15 to 20% by next quarter. We are also currently focused and agile on all the possible options to optimize our production with cost rationalization.

The Board of Directors has approved the demerger of chemical and textile business on 16th March, 2020. The process will likely take 12 to 14 months for this completion. Our Greenfield Soda Ash project is a preparatory stage minimum capital commitment. We remain watchful demand supply scenario and accordingly

at the opportunate time, we will gear up to take project advantage of point market conditions.

The Company has declared the interim dividend of Rs. 3/- per shares and then share buyback, both put together outflow of Rs. 104 Crores which is around 25% of the PAT for the financial year 2020. The overall financial position of the company remain very strong with low leveraging. The Company's bottom line has grown at the CAGR of around 24% from 2014 to 2019. The year 2020 and 2021 are exceptional years. However, we continue to remain focused to ensure sustainable growth of 20% in long term horizon.

Now, I would like to address certain specific questions pertaining to the accounts. Decline in other expenses by 13%, this is the question which we have received. The decline is mainly in the textiles business, which has been due to lower operating activity during the year. The second question was, the Capex expend upto 225 Crore, Soda Ash we have spent 181 crore towards debottlenecking, Textiles 44 crore. The deduction in manpower cost is another questions, that is primarily because of 19 crore reduction is there. That is primarily because of write back of ESOP. Earlier, we have allotted ESOP which has not been utilized, therefore we have cancelled that. The overall utility cost has gone up by 2%. The question was why it is 2% gone up? It is primarily because Soda Ash production gone up by 8 %, despite of this growth utility gone only by 2% mainly because of lower prices of raw material.

The second question was, why the tax rates are lower? The Company has decided to go for to opt 25% tax regime in the year 2020 and 21 and because of this deferred tax has been reversed in the last year. Increase in non-current assets for 45 crore this is the question. Why this is increased? This is increased primarily because of land purchase for Greenfield project. Increase in the cash and bank balances, this is primarily to maintain liquidity in the end of March. We had a 100 crore and plus cash reserve to maintain liquidity in the business.

I hope, I have been able to respond all the questions. In addition to the questions, there are specific questions from one of the shareholders from Calcutta and I would like to go because this is specific questions, just quickly answer those questions.

His first question is, forward integration in Soda Ash business, focus on value added product in chemical space.

See, we believe, Soda Ash offers a growth potential of very high potential because 25% of the imports still coming into the Indian space. We believe there is a lot to do in the Soda Ash growth. Even market has grown in the last 10 years by 5%. Glass and detergent, which are value added segment. At this point of time they are

very crowded, so we don't believe at this point of time we are going in that segment will be potential for us. Sodium bicarbonate, which is obviously very important and we have grown our capacity by 100% in 2018 and we will expand in this area more.

The second question is, what should be our strategy to de-risk being a single Soda Ash production to a company as a focusing on other value added product like sodium silicate. I have just answer that of course Soda Ash has a strong possibility of a growth. We also believe that other industries like Caustic Soda, they are already crowded and what Soda Ash itself, we believe that there is lot of entry barrier in this industry and therefore growing in this business which is our core competency will be more rewarding to our shareholders going forward.

Greenfield:

The question is Greenfield project, as I mentioned preparatory work in going on, we are in process of buying land and taking approval from the government and depending upon the demand growth in next few years, we will be going for the Greenfield project. At this point of time, our investment in this project is very minimum.

Demerger:

Demerger and likely absolute debt on the Soda Ash, this is the questions. So the demerger as I said will take 12 to 14 months however, at this point of time cash generation will continue and repayment of debt will continue. The exact position of Debt in the balance sheet into both of the Company decided at the time of demerger.

Buyback:

Buyback, the question is, should buyback be a regular practice of rewarding shareholders? As you all know company has a very fair optimum utilization of cash generation but they do in the three areas, debt reduction, rewarding the shareholders and also growing the company, which we have been doing last couple of years and we will maintain that. Like you have seen this year we have rewarded the shareholders by 25% of the total profit. And we will try our policy of 15 to 20% and we will maintain this policy going forward as well.

Steps to comply ESG i.e. Environment, Safety and Governance norms. My shareholders will be happy to know that we have lots automated systems in the company because governance and environment is the most important area for us. We do believe this is for the success of the company in a sustainable manner will be very - very important and we are taking due precautions on all these areas.

Expansion and Market capitalization:

Stepping up our P/E, expansion and market capitalization, this was one of the questions from one of the shareholders. See our objective as the same, we have been saying last few years. Our objective is to deliver strong performance and profit growth on a sustainable basis. We have committed to create a value for all five stakeholders through continuous engagement with them. Strong corporate governance's practices and clear cut policies for shareholders reward is in place.

We have a team led by me, our CFO and other professional managers and IR team, we are regularly engaging with shareholders. We believe that these initiatives over a period of time enhance the P/E.

Key area:

Another question on key area. We are working on to increase margin and profit. Operational excellence initiated to improve by using the IOT digitization initiatives. We are taking lots of digitization process in the IOT in the company, which will improve our utilization, our cost, we are taking that and that will improve out margin. Market reach OTF reaches smallest customer values added in the segment textiles and other initiatives which we have taken and also optimizing the cost all over across level. Maximizing the margin, profit and growth of this continuous journey, various majors are deliberated and implemented on a continuous basis.

Home Textiles:

Enterprise of the Home Textiles Business updated on brand launch entry level, this is the question. We have launched brand like REKOOP, Meditasi, Nile Harvest, and Circularity. Our Home Textiles business has been recognized as an innovative supplied by International customers due to our focus on brand and product development. After implementation of demerger, appropriate enterprise value will be discovered for the textiles business.

Funding through International Finance Corporation?, As you all know company is having a sufficient resource to meet our growth requirement and hence, we are not in touch with International Finance Corporation for aging need or any finance. So these are questions which has been raised by some of our shareholders and I have been able to answer. If anything in the question is left, on the question box, we are not seeing any questions. If you have any questions, looking forward also. I request all of please write to us and we will respond to your questions as quickly as possible.

Thank you from my side, company secretary, you can take forward.

Bhuwneshwar Mishra, Company Secretary

Thank you very much sir.

Having any shareholder who want to speak, they can speak and raise the questions. Otherwise, I am going to conclude the AGM.

Saket Kapoor, Shareholder

Hello! Hello!

Bhuwneshwar Mishra, Company Secretary

Anybody from shareholders side.

Saket Kapoor, Shareholder

Yes sir, am I audible sir,

R S Jalan, Managing Director

Yeah! Saket we can hear you. I think Saket is speaking.

Saket Kapoor, Shareholder

Good morning sir, Hare Krishna sir, first it is an opportunity for me to speak on this occasion. I am supporting Board of Directors led the agenda of the meeting and employee wholly supported. Now this is new norms for the shareholders and now grey agents now going to be conveyed and I am also in support of this and we should try to put this format also in valid one so that shareholders from remote process and even from outstation shareholders can easily participate.

Sir, you have answered my questions which are raised by me earlier. The point about International Finance Corporation was not that we are looking forward any fund raising from them. I was just looking for the criteria which fulfil the requirements because I have earlier seen that International Finance Corporation has participated. Sir, what I found that International Finance Corporation has been one of the initial investor in various chemical companies that have followed socio economic governance norms and they have invested at very early stages whenever they come up for Capex. So I was trying to make some sense that "Are we following some norms where they can be attracted to put money. Specially sir, as you are coming with new Capex facility, I think so so five lakhs tones, if I am not wrong. Can we look for JV with our user industry? As have been the case of Caustic Soda plant coming up JV with Nalco and Gujrat Alkali. So we also just for the

assurance of take our material. Can we be look at this option wherein we can form JV with one of our user industry, we can opt an agreement, and they also putting some money thereby de-risking our initial investment also, that was my observation.

And sir coming buyback point also sir. I was trying to convey rather. We did two buyback sir, if I am correct and both buybacks were somehow what to say sir, सही टाइम नहीं रहा हमारा या मार्केट में इसको appreciate नहीं किया. दोनों ही केसेस में ऐसा रहा की buyback के बाद भी prices lower trend पर रहा. उतना acceptance नहीं मिला, investor की तरफ से कोई cheer up नहीं आया, ऐसा मेरा अनुभव रहा. So what my suggestion was की सर, देखिये अपनी policy का pattern बना कर रखें उसी प्रकार क्या हम अपने board से formulate कर सकते हैं. Buyback policy को भी include कर सकते हैं. इसके लिए sizable amount हो जाने के बाद ही दो साल या तीन साल बाद एक larger size का buyback करें. जैसा मैंने देखा की अपने पास लिमिट थी 180 crores invest करने की जो नोर्म्स रहते हैं. But हमको cash flow के हिसाब से yearly figure में 70-80 crore रुपये ही बच रहे थे invest करने के लिए. Had we plan for as a three year program, we would had have done better 200 Crore or 220 Crore buyback that would have a meaningful impact on our endeavor and your company is to create shareholders value, that would serve the purpose according to me much better than this two small size buyback that has happened over a period of three years. So that was my basic understanding of putting this point buyback to you and sir about key part you have already explained whatever can be done from Company's point of view and you are doing your best sir and we congratulate IR team, your secretarial department and all people behind the show to put a very respectable grace in the Corporate Governance. But sir I am just concluding what I have felt that sir P/E somehow for us has been stretched to maximum of 10 which we found in sometime in 2017 peak and lower point, it is very difficult की P/E कितना नीचे trade करेगा. Our stock has traded at Rs. 70 also, if have not mistaken. So do investor need to understand that in our business this is the mean P/E 8 to 9. We should try to factor in when we plan our investment or can see a good expansion of the way the cash generation over the years.

R S Jalan, Managing Director

साकेत जी, मैं आपके सवालों के जवाब देना चाहूँगा.

Let me first address by one by one International Finance Corporation which you have said. You know that I think we are one of the very few company who has

come with the IR report in last two years. I think journey towards the sustainability, journey towards the compliance that is because that required that kind of stage to coming. We have started this journey and I proudly can say that we have very few company, you have seen couple of years, you are our shareholder for a long period over the time and you see the journey of the company over last 7 , 8 years. So journey is our side but as you know these kind of a journey requires time and patience and also along with I would like to address last P/E. So as know that the P/E expansion requires two - three things (1) the growth in the company (2) the Compliance which is very important, compliance ultimately leads towards the people believe in your company. That people believe that are you going in sustainable in your profit expansions. Why the some companies have the higher P/E primarily because of this two reasons and you have seen this journey again five, seven years. Five years back we did not have any shareholders from mutual funds. Today, you are happy that we have huge mutual fund investment into our business. Why that is happened? Because trust has been built with those shareholders and we have trying our best from our side to deliver our commitment or deliver more than our commitment and you have observed that is happen. Challenge in terms of pricing are concern that is all market driven, that will be decided by the market. Our role is to create two things (1) growth (2) build the trust among the shareholders about performance, our commitment to the business which we are doing.

Now in terms of buyback which you have said I have read the book but I don't remember the book, if Raman has remember the book then Raman has mention that book.

Raman Chopra, CFO & Executive Director (Finance)

Sir, name is "Outsiders"

R S Jalan, Managing Director

Outsiders, yeah! I can only say you Saket Ji that book, reading that book has taught us only one lesson, when in the buyback, It is a journey, it cannot be happen one day, we have to keep pursuing and you have all know today our market capitalization of the share price determine obviously determine by the shareholders but also requires a good support in terms of buyback and we have been doing. Now whether, we should doing one go or two three years' time or whether we should do in every years in two three years' time that all depend how we are going forward, how do we find opportunities. So I am sure Saket Ji, every quarter we have an interaction with you and we keep answering your questions. And my understanding is that P/E should be much higher than what is it today and we will achieve that.

Now we have couple of questions CDSL also one question is, when can be anticipate that how much is net debt on company head and how much debt we are able to reduce last year?

See as on date our debt, net debt around 1126 Crores whereas the gross debt is 1240 Crores that is primarily difference is because of cash balance in the balance sheet that is due to COVID situations and we have been able to reduce our debt almost around 137 Crores on net debt basis.

Flue Gas Opportunity:

The question is flue gas opportunity. Tata Chemicals is working on this particular project.

See flue gas opportunity is primarily nothing but a sodium bicarbonate, the uses of the sodium bicarbonate is in the flue gas, the trial on that is going on in the user department on the user's side. Some NTPC plant has started using it. It has not been concluded finally and we are ready with everything to capitalize on this flue gas whenever the opportunity comes.

Zero water uses circularity of product, power positive as ITC is, can we at TEA GHCL achieve it?

If you look at our IR report, you will find that we are committing to our self-many initiatives from the sustainability, our power uses, our water uses, you can not be 100% zero in one day but our journey towards reducing the natural resources is already on and we are making our plan or committing to our self that in the next few years, how the power uses, your water uses, environment impact everything. Even we have gone to a concept of carbon pricing , all these things we are doing in the business to create a value for our shareholders because that again Saket Ji questions, so these are things which will leads us towards the International monetary Finance kinds of things or bringing those kind of people in the company, who can invest in the company.

Sanjay Dalmia, Chairman of the meeting

Any other questions

R S Jalan, Managing Director

Yes, I think there is only one question is there, research and development related capital expenditure plan , our peer TATA Chemicals has invested significantly on research and development .

We have made some investment and some of the research work is going on. This is too early to speak about those research which are break through research as soon as we have some conclusion somewhere, we will share conclusion to the shareholders. So from our side, we have been able to address on. If anything in questions left then I will cover.

Raman Chopra, CFO & Executive Director (Finance)

No, everything is covered. One question is also there, when we want to become debt free? That is also one question, so you can answer this.

R S Jalan, Managing Director

Yeah! As I have been telling becoming a debt free that happen in just two years' time, better to shareholder to like to have as on debt recovery compromising on buyback or compromising on growth. I don't think this is right thing but we keep on reducing our debt as I mentioned you optimization of resources into three buckets, growth, reward to the shareholders and debt reduction. These combination is going in last few years and we have to continue this journey going forward.

Sanjay Dalmia, Chairman of the meeting

You see, I want to add something. I don't think this debt free, why that is a fashion of debt free company? Why should be we debt free company? Point is, I should be able to add more value then I take that. I should be able to add value, if, I should add value then why should be I debt free? what is the advantage? Let us try to understand, this is not to follow one person has started of muhim of debt free and everybody starts following. This is not necessary that one should be debt free. So all of you can add more value by taking that. When the person has given you debt or loan is satisfied. Why Should I start pursuing this phenomena of debt free? There is no advantage, so let's start not to follow की किसी एक ने शुरू किया तो हम भी शुरू कर दें. ये कोई जरूरी नहीं होता है , हर एक का अपना - अपना philosophy होता है. हमारा philosophy ये है की अगर हम किसी से 100 रूपये लेते हैं और 100 रूपये का interest है उसमे तो मैं उसमे अगर 150 रूपये कमाता हूँ तो वो worth हो जाए. और 100 रूपये interest देता हूँ और 50 रूपये income है तो वो गलत है. 100 रूपये की चीज़ मे मेरे को 150 रूपये की आमदनी होनी चाहिए then debt मे कोई हर्ज नहीं है. I hope, I have made it clear.

R S Jalan, Managing Director

Yes sir, thank you sir. I have find this point. Yes bhuwadesh.

Sanjay Dalmia, Chairman of the meeting

Let's go ahead, what is left.

Bhuwleshwar Mishra, Company Secretary

Thank you sir.

Now, I would request Mr. Manoj Hurkat, Practicing Company Secretary to inform the members about the conduction of the e-voting process during this 37th AGM. Members are requested to kindly follow the instructions announced by the Scrutinizer. The result will be announced as soon as the counting of votes and verification process is over and report of the scrutinizer is available with the Company. The results of e-voting (both remote e-voting and e-voting during the 37th AGM) will also be uploaded on the website of the Company as well to the Stock Exchanges and also CDSL platform.

On behalf of the management I Thanks to all of you for attending online AGM and making this event grand success. Subject to completion of e-voting process by the Scrutinizer and announcement of results of e-voting by the Company, the 37th AGM of the members of the Company is closed with votes of thanks to one and all.

Thank you for joining GHCL Limited's 37th Annual General Meeting. The meeting is now concluded and E-voting will open for 15 minutes.