

ROSSELL INDIA LIMITED  
ANNUAL GENERAL MEETING HELD VIRTUALLY ON 9<sup>TH</sup> AUGUST, 2022  
Transcript

**Nirmal Kumar Khurana**

Good afternoon Dear Members and Respected Chairman Sir and other Directors of the Company, I Nirmal Kumar Khurana, Director, Finance and Company Secretary of ROSSELL India Limited, welcome you all to the 28<sup>th</sup> AGM being held through virtual platform. I am in the registered office of the company at Calcutta, where the AGM is deemed to be held. Since the quorum is present I will request the chairman sir to call the meeting to order. Over to you, Chairman, Sir.

**Harsh Mohan Gupta**

Thank you Nirmal. Good afternoon Members, my Colleagues on the Board, distinguished Ladies and Gentlemen. I'm harsh Mohan Gupta, Executive Chairman of for ROSSELL India Limited and presiding over this AGM from my office cum residence at Delhi. It gives me immense pleasure to welcome you all to the 28<sup>th</sup> AGM or for ROSSELL India Limited being held through video conferencing facility. It is our 3rd virtual AGM and we thank you for your virtual presence and wish for all of you. Good health and safety. We are also grateful for your continued support, which is essential for the success of your Company. Since the requisite quorum is present, I hereby call the Meeting to order. I would now call upon my colleagues on the Board one by one who have joined us through video conferencing from different places to introduce themselves, starting with the independent director Miss Nayantara Palchoudhari.

**Nayantara Palchoudhari**

Good afternoon everyone. I am Nayantara Palchoudhari, independence Director and Chairperson of the Nomination and Remuneration Committee and the CSR Committee of ROSSELL India Limited. And I'm joining the AGM from the registered office of the Company at Calcutta.

**Harsh Mohan Gupta**

Thank you, Mr. Krishnan Katyal. Please unmute yourself. Mr. Katyal. Please unmute yourself.

**Mr. Krishnan Katyal.**

Sorry about that. Good afternoon everyone. I'm Krishnan Katyal Independent Director and Chairman of Stakeholders' Relationship committee of ROSSELL India Limited and I'm joining this AGM from my residence at Kolkata.

**Harsh Mohan Gupta**

Thank you, thank you. Mr. Rahul Bhatnagar.

**Rahul Bhatnagar**

Thank you, Chairman. Good afternoon everyone. I am Rahul Bhatnagar, Independent Director and Chairman of the Audit Committee of ROSSELL India Limited and I'm joining this AGM from my residence in Noida.

**Harsh Mohan Gupta**

Thank you, Mr. Rishab Gupta.

**Rishab Mohan Gupta.**

Good afternoon everyone. I'm Rishab Mohan Gupta whole time Director of ROSSELL India Limited. And I'm joining this AGM from my hotel room in Switzerland.

**Harsh Mohan Gupta**

Thank you everyone. We have also with us Mr. Pinaki Sarkar, Partner M/s. Khandelwal Ray & Co. representing the statutory auditors and Mr. A K Labh, the secretarial auditors of the Company. I now call upon Mr. N. K. Khurana Director finance. & Company Secretary of the Company to brief on the Meeting formalities. Now, please unmute yourself, Mr. Khurana.

**Nirmal Kumar Khurana**

Sorry Sir. Thank you Chairman Sir. In compliance with MCA & SEBI circulars this 28 AGM is being held virtually. The members are advised that the facility of participation at the AGM has been made available on the first come first serve basis. The instructions for joining the AGM and for voting during the AGM have been mentioned in the notice of AGM and are also displayed on the website of the Company. Once the question and answer session starts, we shall one by one, announce the name of shareholders who have registered themselves as a speakers. Thereafter, the speaker shareholder will be unmuted by us. The speaker shareholders are also requested to unmute themselves and switch on their cameras before asking the question. Keeping in view the time made available by NSDL each speaker shareholders are requested to restrict their questions to a maximum of 3 minutes. I repeat 3 minutes. We already have seventeen speakers and therefore any more speakers are not allowed by NSDL. Since the meeting is being held through video conferencing, the facility of appointing proxies have been disposed away with. Now I now call upon the chairman Sir to address the Members.

**Harsh Mohan Gupta**

Thank you Nirmal. I am pleased to advise that in the 28th year of its working your Company has achieved a turnover of ₹293 Crores. The EBITDA of the Company has been ₹55.67 Crores, including the extraordinary income. The profit after tax has been ₹29.76 Crore this has been possible due to the satisfactory performance by both the Divisions of the company, the ROSSELL Tea and the ROSSELL Techsys As usual, the ROSSELL Techsys division of the Company is on a growth path and in the years ahead we expect continuous growth in the aerospace and defense business of the Company I shall touch upon the future prospects of this business in greater detail hereafter Before I take up the formal agenda, I would like to review the performance of both the divisions separately for the financial year 21-22 and a appraise you about the prospects for the current financial year 22-23 as we foresee. Let me start with Tea, which has been the core competence since the inception of the company.

ROSSELL Tea- the performance of ROSSELL Tea division during the year 21-22 has been very satisfactory. Our own crop production was 48.88 lac KGs, which is higher than the previous year. In the year 20-21, while we produced 51.80 Lac kgs it included 4.2 Million crop of Bokakhat our smallest estate which we exited on 1st April 2021.

The income for the division was ₹146.45 Crore, as compared to ₹158.05 crores in the previous year and PBT was ₹27.36 crores as compared to ₹31.36 crores. We were able to also absorb the Substantial increase of 23% in the worker's salary quite effectively. Production from outsourced LEAF has increased from 3.05 lac kilograms to 3.25, Lac kilograms. Sourcing of bought leaf has been steadily increasing year on year and this is contributing to the top and bottom line of the divisions financials. We expect to scale this up to 5. Lac Kgs in the next 2 years and have built Capacity for the same.

Due to the very lucrative prices prevailing in the domestic market for the CTC variety, your company took a prudent decision to maximize CTC production and sell more teas domestically. Accordingly, based on this conscious decision our exports to UK, Germany, Russia UAE and Sri Lanka was 6.83 lac kgs compared to 9.48 lac kgs in the previous year.

The Orthodox market remains subdued due to the global trade being affected went to the pandemic and also sanctions imposed on Iran by the US. The division continues to be the quality benchmark for the industry and leader in both Orthodox and CTC categories. With our price realization being one of the highest in the industry. Our CTC teas sold at an average of ₹292 compared to ₹287 in the previous year and the Assam district average of ₹219. In the orthodox Category our average was ₹250 as against ₹274 in the previous year and the Assam district average of ₹228. This is the second time in succession that the CTC prices have outstripped the orthodox prices.

Now I would like to advice about the prospects for the current financial year 22-23. The Russia Ukraine conflict has affected the whole world with supply chain disruptions and input costs spiraling particularly for fuel, oil, gas, coal, fertilizers, chemicals, etc. Inflation is skyrocketing everywhere and food shortages are noticed in a number of countries. Like all the industries worldwide, the tea industry in India too has been impacted with the costs of all inputs having increased pushing up the cost of production. For the current year 22-23, the season started off extremely well in March and April and May with record production. There was a slight dip in the latter part of June and early July with Interment weather first being very wet and thereafter temperatures soaring to around 40 degrees centigrade for a week in July. In end June our Production is higher by 19% over the previous year and higher than the industry average. Tea Exports for the division are likely to be around 6-7 lac kilograms, which is similar to last year's quantity of 6.83 lac kilograms. To boost exports from India, RBI has recently allowed trade settlements in INR, which will help in exports to Russia and Iran, which are on sanctions. The depreciation in the rupee shall help in bolstering the export earnings for the company. '

Owing to the higher production this year, the CTC prices are marginally lower than last year for the medium and average quality of teas, which does not affect us as we are in the premium segment. On the backdrop of turmoil in Sri Lanka there is a huge deficit in their production, which is likely to be short by around 60 million kg. This has led to the Orthodox prices being higher by more than 20% and we expect them to remain buoyant throughout the year. As your company has the flexibility to switch production between CTC and Orthodox, depending on market conditions, we have pushed up the production of orthodox keys to garner higher revenue and margins.

To circumvent, and obviate the costs due to the increase in inputs, we have taken measures to increase our own production as well out outsource leaf, significantly improving the efficiencies and productivity levels. The West Bengal government has recently done an interim increase of ₹30 in the wages for the Tea workers sector. This may have ramifications in Assam too and we

shall make the necessary provisions in the mid-term budget if required. Meanwhile, the Assam government is giving a subsidies of ₹7 per kilo for Orthodox production and 3% interest subvention which we are rely in helping in the profitability of the company. The government of Assam has given an agricultural income tax holiday for 3 years till 31st March 23, where by your company does not have to pay any agricultural income tax and the same is allowing us to plough back more investment in that business.

The Assam government has advised that they are likely to bear the cost of education and health related activities on the estates, which shall lower the social costs incurred by the company.

With the company stated policy of replacing the smaller estates with larger ones which are more profitable and sustainable, we are actively scouting for larger estates which we plan to acquire. The borrowings of the division have come down substantially and the division does not have any medium or long term loans hence, we feel this is the appropriate time to acquire 2-3 large estates taking the overall production to 9 to 10 million kgs in the next 3 to 5 years. With higher production and increased price realization, your company is likely to be posting a higher turnover and higher profit in 22-23.

Now let me talk about the performance of the ROSSELL Techsys Division, which has been better than expected given the challenges that the global aerospace and defense industry had to face. The division has posted a revenue of 154. 61 crore in the financial year 21-22 with earnings before interest and depreciation at Rs. 26.23 crores. The overall strategic agreement value stood at approximately 2,000 crores over the next 5 to 7 years. These strategic agreements values are a reflection of the buying intent of major original equipment manufacturers that the division works with. Of this, the firm open order book stood at ₹400 crores.

ROSSELL Techsys produced close to 21,000 units in a single year with 95% of the production converted to revenue. All of these deliveries work for major military platforms for the leading US based original equipment manufacturer. Also, for the US government and for their Foreign military sales commitments. ROSSELL Techsys continue to deliver to consistently high quality and delivery ratings and maintain its brand credibility of being uniquely different and refreshing to work with.

The division has added an important new US military trailer platform with the projected lifespan of over 30 years and more. For this platform alone, the division signed a strategic agreement for the next 10 years to an extent of close to ₹800 crore with the first launch of purchase orders totally close to ₹100 crores, scheduled for commencement of execution in the financial year 22-23. It also continue to acquire repeat business from some of its existing platforms.

On the human capital front ROSSELL continue to maintain staffing levels commensurate with its future growth potential, and it stands at a total staff strength of 474 people. It has taken measures to drive up the diversity ratio of its workforce, which currently stands at close to 32%. It has expanded the workforce to include differently able members with various personal challenges.

ROSSELL Techsys continued to maintain its leadership position in certifications crucial for operational excellence and overall brand value. In the new world of cyber warfare, the division has once again been in the forefront of leadership and embarked on the objective of being India's first aerospace and defense manufacturing entity. To achieve CMMC Level 3, the standard that is mandatory for working with the US government for defense related business.

The division has achieved formal recognition by the Department of Science and Industrial Research and as an industrial research and development unit, thereby opening avenues of moving up the value chain into full-fledged state of the art home grown, niche, aerospace and defense products with high intellectual property rights content heated in India for the world.

The division experienced enormous traction from several prospective customers from all over the world. There were multiple visits by decision making leaders from various customer organizations. This interest is bound to result in significantly enhanced business in the future.

The long term outlook for the financial year 23-24 and beyond is growing with enormous confidence and significant growth over the next few years. The factors driving this confidence is the rapidly changing geopolitical situation, driven by conflicts, regional threats, and events such as the Russia- Ukraine conflict, the China-Taiwan tinderbox, the Korean region. Various governments are also looking at safeguarding their investments by pulling out of geopolitical sensitive geographies, in particular Russia and China, and looking at more stable and amenable democratic geographies such as India. These events have driven different governments to safeguard and secure their own country. Apart from keeping the whole world safe. Defense expenditure has risen substantially even in countries that had earlier adopted minimalistic budgets.

The Government of India's drive towards more Indigenization is also very kind and opens up opportunities for Indian companies to step in with foreign technology acquisition or creation of homegrown products and technology. ROSSELL Techsys Division awaits decisions on various bids totaling more than ₹4000 crore that it has submitted in the last 18 months. Decisions have been delayed on account of organizational changes within the customer organizations and the geopolitical factors. It is expected that in the next 6 months we would see some of these major decisions being taken. Additionally, teaming agreements in the US and Israel are opening up significant opportunities for existing platforms which see a new lease of life. Various governments are also looking at extending the service life of different proven platforms. The company, in association with its teaming partners, is in the fray for service life extension and upload opportunities to the tune of over Rs. 2000 crore, All these opportunities can potentially change the order of magnitude of revenue that the company has thus far experience. The division intends to continue its sustained investments for growth in infrastructure, tools and equipment. People and processes to keep the momentum going to. Realize this potential

On the whole, we expect the financial year 20 to 23 to remain a good year for your company.

I would now like to talk about the scheme of amalgamation. You may have come across the Stock Exchange filing by your company, Whereby it was announced that the Board of directors of your company in its meeting held on 12th July 22 approve a draft scheme of amalgamation by the holding company, BMG Enterprises to merge into your company, by way of reverse merger, subject to your and required regulatory approvals. Once the merger takes place, the shares held by the holding company shall be cancelled and the same number of shares shall be issued and allotted directly to the individual shareholders of BMG Enterprises Limited. This will result in the promoter group directly holding shares in the company, which will lead not only to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the promoter groups direct commitment to engagement with your company. This Scheme shall have no financial implications on Rossell India as all the expenses for this exercise shall be borne by the holding company BMG enterprises and its shareholders. ROSSELL is in the process of seeking no objection certificate from the stock exchanges. Immediately thereafter, the company

shall move the NCLT Kolkata Branch who would convene a meeting of the shareholders of the company under their supervision as per the applicable provisions for the subject. We look forward to meeting you again in that meeting and seek your kind support to the scheme of amalgamation.

Now I touch upon issue of compulsory convertible preference shares on preferential basis- earlier on as per approval obtained from the members in the extraordinary general meeting of the company held on 21st April 22, your directors by a resolution passed by circulation on 27th June 22 allotted 10,00,000 zero.01 percent compulsory Convertible Preference shares of ₹10 each at a premium of ₹146 per share to BMG. Enterprise Ltd., the holding company. This has enhanced the paid up capital of your company by ₹1 crore and reserves by ₹14.6 crore

Now I touch upon the performance for the first quarter ended 30th June 22. I'm pleased to advise you that this morning the Board of directors of the company have approved the unaudited financial results for the quarter ended 30th June 22. While the income for the quarter has gone up by about 6.5% over that for the corresponding quarter in the previous financial year, the PBT for the quarter has been almost at par with that in the previous financial year. You can view the full results on the website or Bombay Stock Exchange and the National Stock Exchange as well as the website of the company.

Now, I would take up the agenda in the notice calling this Annual General Meeting'. The annual report of the company, along with the auditor's report directors report and the standalone, as well as the consolidated financial statements for the year ended 31st March 22 along with the notice of the 28th annual general meeting, was sent electronically to the members on 11th July 22 And necessary newspaper public notice was published in this regard on 12th July 22 pursuant to the regulatory requirements. With your consent, we take the notice of the AGM as received and read.

The statutory auditors, messes, Khandelwal, Ray & Co, Chartered Accountants and secretarial auditors Messrs. A K Labh & Company Practicing company secretaries have given their unqualified opinion in their respective report for the financial year 21-22.

In compliance with Companies Act 2013, the company had provided remote evoting facility through NSDL and voting was open for 4 days from 9:00 AM on 5th August 22 till 5:00 PM on 8th August 22. Further pursuant to MCA circulars, your company has provided the facility of E voting during the course of this meeting. Members who have already cast their vote through remote E voting shall not be eligible to recast their vote through E voting facility at the AGM.

Mr. A K Labh for Messrs. A K Labh & Co. Company Secretaries in practice have been appointed as the scrutinizer for the process of remote evoting and evoting to be conducted at this meeting. We now take up the resolutions as set forth in the notice dated 27th May 22, the notice of the AGM includes 7 agenda items out of which item numbers 1 to 4 are ordinary business that is adoption of accounts, declaration of dividend, appointment of director retiring by rotation and the appointment of statutory auditors of the company. Item numbers 5 to 7 or special business, which were necessary to be put forth in this meeting that is reappointment of independent director. Payment of Commission to non-executive directors and ratification of remuneration payable to cost auditors for the financial year 22-23. The text of the resolutions and the explanatory statement are provided in the aforesaid notice of the AGM. Before I allow the E voting to commence, we would start with the question and answer session. Members are requested to keep their questions brief in order to avoid repetition. Management will answer all the questions in the end, now I request the company secretary to call the speakers one by one. Mr. Khurana

## **Nirmal Kumar Khurana**

Thank you Chairman Sir, It gives me immense pleasure to invite our first speaker shareholder, Mr. Mittal. I would request Mr. Mittal to unmute himself and switch on your video. Please ask your questions as a matter of fact, Mr. Mittal has already sent a set of 2 questions to reply. But for the benefit of the other shareholders. I would request Mr. Mittal to read out the questions quickly. Over to Mr. Mittal.

## **Mr. Mittal.**

Good afternoon Sir. Am I audible?

Yes, yeah, so Good afternoon everyone. I've been a shareholder of the company for more than 34 years and it's a great pleasure and pride to see the progress that. Our company has been making especially in times when Mr. Modi has been highlighting about improving capabilities in the defense related segment and we are able to win contracts from majors like Boeing, etc. Honey well so congratulations to the team and management for great work and thank you Sir for sharing the all the details of both the segment in your Speech, so I've already sent the detailed questionnaire to you. There are 7-8 questions that we have sent over. It will be great if you can perhaps read one by one and answer you so rather me repeating the same questions and hopefully they will cover the questions of other participants also and save a lot of time. As Mr. Khurana is mentioned for the benefit of all the other participants on this virtual conference. It would be good if you could read out the questions and the management will respond to all the questions raised by all the speakers in the end. OK, so so so first question is that we have announced about a spinning or major order of T78 from Boeing, which is the new military aircraft that they'll be bringing. And this is a strategic agreement of 100 million Dollar for tenure.

Can you share about what kind of competitive intensity did we had to face and something about this Order win how did it happen for us?

What was the Great key credentials that we had and why Boeing gave us this order?

How, how sensitive was the price in winning of this order and how competitive we were versus DPS? In in such kind of strategic agreements, are we a single or dual source supplier and or there are more than 34 players when companies gives such contracts?

And similarly, when we say that we have confirmed purchase order of \$50 million, while we have strategic agreements of 100 million Dollar -200 Million Dollar, what is the difference between these 2 terms? What does the Purchase order means and what does a strategic agreement needs?

If these strategic agreement dependent upon the success of the client and the platform that that we'll see in the coming years so how much of our current order Book is ongoing, given that we had only couple of new customers. What is the quantum of order that we have been able to get from new customers such as Honeywell and Lockheed Martin? I think we had mentioned about these new client wins.

This is the first question so second is that we have talked about the long term order and the risk inherit to it. We enter into multi-year contracts which are fixed price contracts. So how are we

managing the raw material price risk and the currency risk, which is very significant like in these recent years, we have seen that the raw material prices go up to 3 times and similarly currencies depreciate a lot. So how are we trying to manage this risk in this industry we have also seen that many of the competitors like Dynamitic Tech. They have done very well, but they have not been able to grow or they have faced uncertainties in margin and profitability from time to time. What kind of profitability are we any far as we grow? 2 years back we saw profitability of approximately hefty margins, but now we are seeing dip in our profitability in the aviation segment to 12 to 14% which looks pretty low. What is the management intention on the profitability side for aggregation segment for the long term?

And what kind of annual number do we anticipate to start doing going forward, given the large order book that we have for the long term. So, so we have reported that we have delivered 23,000 manufactured parts and in total of more than one Lac parts until now. Can you share what this delivery number was 2-3 years back and also can you share a bit about a capability it's like we started with wire harness, then we have started doing panels and other things. So how are we increasing the scope of work and penetration that the client. And as we have also talked about lots of orders in the pipeline, something more about our capabilities and how do we plan to move up the value chain or increase, uh, wallet share with their customers. So, we have also talked about going for organic and inorganic acquisition growth opportunity. So can you share more about it?

What kind of inorganic or organic opportunities are you looking for? What kind of budgets are you looking for? What kind of spends are you looking for in this area, and what is the mindset to go for this as we already have a lot of debt how will we fund? Find this kind of group that we have built for as possible. Also, given the kind of huge order book that we have, what kind of investments do we need to make going forward to scale up our aviation business? So we have talked about some certifications like Car 21 CR one to 145 and others which are unique to us and perhaps we have the highest certification in the industry. Can you tell us more about our Capabilities around this and how do they enable us or how are they beneficial for a company going forward? We have also spent approximately 3.7 crore on intangible assets as per the annual report, can you educate us about the R&D efforts and other intangible assets that we are building all along. I think we had also talked about supplying some parts free of cost for the T 78 order. Was this expense to the P&L statement this year?

We have a very high employee cost of around 120 crore annually. Can you provide a breakup between the Tea segment and the aviation segment? And we have written about very high attrition happening in the aviation segment. And perhaps the reason is there's a lot of competition. Competitive intensity in this industry as if now so how are we dealing with this how is it affecting our business any thoughts on that? Yeah, that's it for one more question given that we are talking about major growth in 24-25, does this mean that year 23 might be a flat year for us? Because this quarter one also had some dip in profitability and revenues for flat. Can you share something for this year also? And for the accounts purpose, there's a CWIP of 2.4 crore which has been stuck for quite some time. And there's a CWIP of 7 crore. Can you share what is this amount in CWIP? And and sir last. , So we have been seeing major growth in the aviation segment. But yet we are wanting to invest into the Tea segment. Why are we not looking to focus more on the aviation segment from the capital allocation perspective, given our increasing capital requirement?



Any thoughts on funding this or going for Demerger in coming years? Thank you, that's it from my side and wish you all the best.

### **Nirmal Kumar Khurana**

Thank you Mr. Mittal. I will now request our second speaker Miss Neha Suhas Idani to unmute herself and switch on your video and ask your questions, Madam Idani, please.

### **Neha Suhas Idani**

Good afternoon, thank you for the opportunity. I'll try and not repeat the questions that Ayush has asked, So in terms of, you know, like he asked in terms of the difference between a strategic agreement and uh, confirmed purchase contract. Can you specify in terms of revenue recognition how that would pan out? Secondly, what is the difference between a Strategic agreement and you know the orders that you have bid for, which you have said is 75 million Dollar versus the strategic agreements are 200 million dollar so how are they different? Because from whatever I heard of the chairman speech, the strategic agreements don't seem to be confirmed orders as Well and you said that you know on the 75 million of orders bid. You said that you would have clarity on conversion in the next 2 quarters. So do we have any clarity on the same currently? Plus the chairman mentioned about 2000 crores of strategic orders that we were chasing after. You know, when by when do you see that coming in, and, innocence? What we're trying to understand is how large can this segment be in the next 3 to 5 years? If you could help us understand that? You know. Again, you know the business dynamics as you have explained repeatedly, is that it's a fixed price contract business with, you know you having to buy raw material from directed sources, which means that you know you have to lock in inventory for very long Periods of time. How do you kind of do away with this whole business dynamics? How do you work with it?

Do your margins improve or eventually do you have to build your own? You know, raw material supply base. How do you change this whole return metric of this busy? Also, Mr. Bhagwandas quit as the CEO. If you can help us understand who is taking his who's stepping into his shoes. I understand there is a COO who has come in. Are we looking for a CEO as well? Also, can you specify what the capacity utilization and the capex is for the division going ahead, and you know like I did mentioned, if you can help us understand what the stable long term margins are for this division. Also, besides electric panels and electric wiring systems, which other products are we looking at? I understand that we were looking at Test equipment and test panels or are there any other products that we're looking at? Do we move up the value chain?

Also, for the ROSSELL Tea business, if you can you know help explain what kind of capex we would look at. If we do look to acquire. New Tea Estates over the next day, 3 to 5 years. What kind of spins are we looking at? Also, honestly, a very humble request. It would be great if you could spend some time interacting with investors' shareholders. You know, we just try to understand your business a little better so that you know we can commit to being longer term shareholders. So it would be great if you could, you know, increase the interaction with the shareholders. Thank you so much thank you.

### **Nirmal Kumar Khurana**

Thank you, Madam Idani. I will now request our 3rd speaker shareholder, Mr. Rupesh Gulab Chand Tatia, to unmute yourself and switch on your video. Please ask your questions. Mr. Tatia has also sent his questions to us in advance, but I advise him to read out his questions for information of other shareholders over to Mr. Tatia.

**Rupesh Gulabchand Tatia**

I hope I am audible.

**Nirmal Kumar Khurana**

Yes you are, but we cannot see you.

**Rupesh Gulabchand Tatia,**

Sir, I would like to save my Internet bandwidth connection is not very great so I I would like to remain.

**Nirmal Kumar Khurana**

OK, OK we can hear you.

**Rupesh Gulabchand Tatia,**

So I also quickly repeat my questions even though I've already sent them for the benefit of other shareholders like other shareholders have asked, can you please mention the gross margins and operating margins of Rossell Techsys division?

Can you please separately tell us about the trade receivables, trade payables, and inventory numbers for the ROSSELL Techsys division, which forms a part of the entire group? We have mentioned in the annual report that we have fixed price contracts and like other share holder has asked, this results in high around material inventory along with commodity and Forex losses. Do we expect to make 20% return on capital employed in the ROSSELL Techsys divisions over the next 3 to 5 years, factoring in the commodity and 4 sticks? We have done 80 crores Capex in Techsys division in FY20. Can you please mention the kind of capacity we have created with this Capex? You can mention it in terms of either number of parts that can be produced or in terms of revenue opportunity. Can you please provide the employee cost for Techsys Division separately? As we understand our Techsys division is employee intensive and we have around 470-480 employees for a revenue of 150 crore so is that a fair statement to make that you know, for, for incremental revenues we will keep one will keep needing more employees. Is lower cover, low is lower employee costs. One of our advantages in the business that we do. If our business is indeed in employee intensive, do you see an opportunity for automation in the Techsys division?

Also, can you please name our top 3 competitors both domestically and globally for the text installation?

Next question is on, are we working to win some business from major European players like Airbus, Dassault etc? Are we doing something on that front? Do you see it? Also Techsys Division entering into commercial aircrafts for EWIS? If yes, can you please mention the progress on product development and customer engagement and the kind of customers we may be working with? Do you have plans to demerge the Techsys division into a separate entity and get it listed In the near future? That is it from my side and I would like one by one pointed answers if possible and I hope the best for the future, thank you.

**Nirmal Kumar Khurana**

Thank you Mr. Tatia. I request our 4th speaker Mr. 'Saurabh Ginodia, a corporate representative of Mackertich Consultancy Services Private Limited, a shareholder of the company. Mr. Saurabh Ginodia.

**Saurabh Ginodia**

Yeah, is my voice audible?

**Nirmal Kumar Khurana**

Yeah

**Saurabh Ginodia**

Yeah, so good afternoon everyone. Thank you for giving me this opportunity Sir, I would like I have already sent my questions but for the benefit of all, I'm just sharing the key questions. So my first question is, is there any plan for demerger and separate listing Of ROSSELL Techsys going forward and what kind of margins on the EBITDA level or only PBIT level we can expect for ROSSELL Techsys in particular for FY23 and FY24 And regarding the order book, the kind of bids we have made for the ROSSELL Techsys division, does the order book has price escalation clause as built in in the orders. And out of the total raw materials, what we use, what percentage of raw material is being imported? And I could see from the balance sheet that you have to carry a lot of inventory for I think ROSSELL Techsys division execution of the other book. So what kind of inventory normally do you maintain for Production in the ROSSELL Techsys? So these are my questions and I would request you to please answer them. Thank you Sir.

**Nirmal Kumar Khurana**

Thank you Mr. Ginodia. Now I will request over 5th speaker shareholder Mrs. Chandravati Gattani to unmute herself and switch on your video and ask your questions. Mrs. Gattani.

**Mrs. Gattani**

Am I audible, Sir?

**Nirmal Kumar Khurana**

Yes.

**Mrs. Gattani**

Very good afternoon. Respected chairman Sir and other member present in the meeting. I am Chandravati Gattani, very old equity shareholder, AGM me apace hardik swagat karti hu sir mera jo question tha vo already puch liya gaya he isliye me usko repeate nai karugi Lekin Sir, I support all the resolution and thank you very much to our secretarial team to make me easy to join the meeting and Sir I notice that they have an excellent understanding in the subject. Or ek cheez aur k hamari company ka promoter holding he vo bahot achha he, and jo holding company he vo zero promoting pledge hai, we see strong momentum in our company stock gained more than 20% in one month. Apna jo company ka 4 division hei. I test and unbeatable quality is a delight for Tea recognizers across the. Global or thank you very much, Sir.

Jyada kuch bolna nai jo question tha vo already puch liya gaya he to vo repeate nai krugi kyuki hamara jo management team he vo veri experience and professional he, so jo problem solution they know much better than me. Thank you key Abner Joe management team has a very experienced and professional management People so job problem and solution. They know much better than me. Thank you very much Sir for express my View thank you.

**Nirmal Kumar Khurana**

Thank you, Mrs. Gattani. We appreciate your appreciation towards us. Now I request our 6th speaker shareholder, Mr. Biswendra nath kundu, to unmute yourself and switch on your video and ask your questions- over to Mr. Kundu.

Yes Mr. Kundu. Oh yeah. Yes, we can hear.

**Biswendra Kundu**

OK, OK, respected chairman, members of the board, fellow shareholder and friend. I am Kundu. At the outset I would like to thank the management for steady progress of the company. We, the shareholders are very happy to see that you have to maintain the dividend of 15% per share. Thank you very much Sir. This year I've seen so many tea company balance sheet Most of the company they are facing lots of problem there mentioned in the balance sheet for the price increase in all sector, raw materials, Labor, wages, gas prices, etc All the tea company Sorry our company also we, the shareholder, always with with you, Sir, You're our aerospace business also doing very well Sir. I have nothing to say on the accounts which gives everything in detail, Chairman Sir. I have one specific question, what is your road map next 3 years? And before I close, I convey my sincere thanks to Mr. N. K Khurana for his cordiality and hospitality. I'm also grateful to your entire secretarial team for their help and support. With this observation, I am closing here with thanks to all.

**Nirmal Kumar Khurana**

Thank you Mr. Kundu. Many times for appreciating me in particular. May I now request our 7th speaker shareholder, Mr. Ashit Kumar Pathak, to unmute yourself and Switch on your video and ask your question.

**Ashit Kumar Pathak**

Hello, I'm Audible Sir?

**Nirmal Kumar Khurana**

Yes

**Ashit Kumar Pathak**

Yes, very good afternoon respected Chairman, Board of directors, company secretary fellow members joining at 28th AGM of Rossell India limited. My name is Ashish Kumar Pathak joining from Dumdum Kolkata. The excellent cooperation by Director of Finance and Company Secretary Mr. N. K Khurana for sending me the notice and allow me to speak. The excellent representation by respected chairman, the very very valid points I have noted and also the future road map and current business prospective excellent financial result. Apart from the pandemic my previous speakers also mentioned dividend paying policy. Also book value is 67.14 and also interest coverage ratio nicely achieved. Also debts issue nicely reduced and mention entire inter- Corporate loan is to BMG Enterprise Limited is paid. excellent, excellent, excellent. Sir, I have some review which I like to share. So at first the future rewarding policy after the reverse merger. Respected Chairman 's also mentioned these if possible, Social highlights the future

regarding policy to member approach in India Limited and if possible The expected financial performance financial year 2- 3 next 3 quarters where the last quarter we have faced very difficult situation and also 3 consecutive going in profit. Also, financial year 23 is facing abrupt inflation in raw materials depreciation of rupee, geopolitical turbulence volatility of global economy, mostly US. In higher inflation, US GDP fell to 0.9 in the second quarter. Technically U. S. Economy enters in the recession in substantially, where our official business, also in USA. If social highlights any impact in this situation at US is also my previous speakers also mentioned by aviation progressive and also capex program and all our EBITA. I also the same. I do not repeat this. Also my view the present status of CA of 21 and CR 145 certificates and We are getting the benefits of PLI benefits and also the MSME benefits as exporting incentive if possible. Throw some highlights about this- also in the export business- Tea board is also giving very facilities and also cost control in respect to garden, what initiative my company has taken because of higher inflation in all our raw materials, wage cost. Also day today is uprising also good quality of tea plantations. Also fertilizer and waste management. Also renewable energy, what initiative my company management taking 6 gardens. And also, uh, Capex program for 3 years because respected Chairman 's also mentioned the orthodox subsidy is given production or some government giving is very positive initiative and also CTC business sales also is domestic good domestic good, good business in. Mentioned also Tea board given the 50% export benefit to 300 million kg from Media report, I noticed an increasing per capita annual domestic Tea intake by 250 gram to one KG. So I think the Tea board is giving various positive initiative in Tea segment. I think my company management team also taking these initiatives with respect to domestic business as well as export business because export business last financial worth is slightly reduced then in previous financial year. This is my point of view. I imagine share answered before I notice before transferring unpaid dividend financial year 13 - 14, it mentioned ₹1,86,830 and 20,810 equity share to IEPF What initiative my company previously taken for refund these shares also the dividend. This is my point of view and the present status. Where Kharikatia estate considering at 423.68 lakhs, is in the name of this previous company and not in my company. The concrete reason behind it is possible, throw some highlights about this and lastly said that you mentioned the business relation the RV enterprise Singapore, but we purchased the share small amount though 5.02 lakhs if possible, so some highlights about it. Nothing to say, more expected. Enhance financial performance to my company with the leadership of our respected chairman. Thanking you, Sir.

### **Nirmal Kumar Khurana**

Thank you Mr. Pathak. I now request our 8th speaker shareholder, Mr. Rajat Setiya to unmute yourself and switch on your video and asking questions. Mr. Setiya has also sent the questions in advance, but I again as usual advise him to read out his questions for information of other shareholders over to Mr. Setiya.

### **Rajat Setiya**

Can you hear me? Can you hear can you hear me?

### **Nirmal Kumar Khurana**

Yeah, we can hear you.

### **Rajat Setiya**

OK Sir, I will go ahead. Thank you so much. So my first question is what is the kind of opportunity that we have from the 3 clients that we have Boeing, Lockheed, Honeywell. Over the next few years we mentioned in our annual report that we have total confirmed contracts in excess of \$50 million and they totally confirmed Strategic agreements are in like Knowledge, So what is the difference between confirmed the chase contracting confirm strategic agreements?

My 3rd question is how we tackle these fixed price nature of contracts that we have with our clients in rising raw material by environment. My next question is as we scale up how are we thinking of funding this business proposal. Techsys seems to be known, this business seems to be pretty heavy on working capital side. So next question is or we have been awarded orders 47, a platform, my question is RVP full suppliers to be a global and can you please talk a little bit about the journey, how we got it and what made us win over the competition. But is the kind of revenue per year we can get because of this program, and by when do you think we should start getting the revenues from this program? Next question is who our competition in India and Globe is and what really sets us apart from the competition? What is our USP or the competitive edge as we can call? The next question is in the last AGM you had mentioned that you expect Lockheed and Honeywell to be as big a customer as going, so, do you expect this ramp up to happen in 2024 or it will take time beyond that? My second last question is if you can share the outlook for ROSSELL Techsys for FY23, the current year as well as the next year, which is after 24 in terms of revenues and operating margin. And finally, uh, do we have more plans to fund to raise some money to be a potential route even from promoters or anybody outside for the growth of our business, so that's about it. Thank you.

#### **Nirmal Kumar Khurana**

Thank you Mr. Setiya. I request now our 9th Speaker shareholder, Mr. Bilal Krishna Sarkar to unmute himself and switch on your video and ask your questions- Over to Mr. Sarkar.

We can hear you, please go ahead. Yes Mr. Sarkar.

#### **Bilal Krishna Sarkar**

Hello am I audible Sir?

#### **Nirmal Kumar Khurana**

You are now audible. We can see you also, please go ahead.

#### **Bilal Krishna Sarkar**

Very good afternoon chairman Sir. Very good afternoon chairman Sir. Me Bilal Krishan Sarkar Calcutta se residency bol raha hun. Mananiya Adhyaxji, Company secretary N. K. Khurana Saheb and Upasthit shareholder. Sir, Pehle me Chairman Sir ko dhyanavad dena hun, Excellent presentation regarding performance of our company. Bohot achi tarah unho ne presentation kiya hai isliye dhnyavad deta hun, Sir dekhiye Thank you Mr. Smith. Sir dekhiye Sir ye Jo previous speaker ne most of the question already raised. To hum jyada nai bolenge. Sir Dekhiye ye result thoda pichhle sal se thoda decrease hua hai Iska karan hai ki COVID-19 lockdown aur Russia – Ukraine ka war ye ye Geopolitical tension itna idbhast positon main hi hamara company Jo dividend de raha hai Ye pichhele sal se bhi jyada dividend de raha hai isliye me management team ko dhanyavad deta hun. Sir Dekhiye sir ye Jo ah Assam me je extreme or at most Cedar main Ah, in Upper Assam main weather production Jo Jo dikhe 48. 88 lacs. Mane itna adverse

situation main hamara production hua hai Sir is report main key ke bareme bola ha sir ek Black pepper bare me koi isme likha nai Hai Sir, thoda dekhiyega plus black pepper hamara production hota hai to iske bare me kosis me likha nai kiya hai Sir dikhiye itna advance position main dekhiye production ha Mr.a kam nahi hua thoda sa hum logo ko dekha jaye to revenue kam aaya hai matlab production hum logo ko itna advance position pe production aur Increase hua hai, thank you Sir apko iske liye Sir ye ek chiz hai ye bokakhat tea estate ko sell kiya hai sir ke kis case kya karan hai teammate ko ye estate sell kiya hai iske bare me thodi humko jankari de diyega Sir Ye CSR Activates main, me CSR committee ko Dhanyavad deta hun Je hamara COVID-19 main exact roll play kiya hai Sir ye oxygen a cylinder dete patient ko covid patient ko oxygen cylinder sab pay kiya hai hamari company Ye bohut company isa nahi kiya hai hamari ye company kiya hai or oxygen cylinder or connectors and COVID patient jo Karnataka, West Bengal aur, NCR ye sab state me kiya hai isliye me CSR committee ko Dhanyavad kiya hai Sir ek chiz yaad rakhiyega kiske tisi ke pass suna hai, sir un logo ko next year un logo ko kis tarike se CSR ke though help kiya jay iske bare me hai Mr.a suggestion boliye aur ha Mr.a request hai Sir CSR application 40. Je As par Section 135 Para 54.8 lacs. Hamara company pura hi kharacha kiya hai thoda sa jyada kiya hai Isliye me, CSR Committee ko me dhanyavad deta hun. Sir ye ladies toilet bare me dekhat hai sab check kiya hai Sab ye me appreciate karna hi hai har chiz tarike se committee ne kaam kiya hai me dhanayavad deta hun, sir me jyada time nai lunga sir dekhiye mera jitna resolution hai fir bad mene already voting kar diya hai ae je annual report hai isko me pura samarthan karta hun Sir, me asha karta hun me bhagvan se prathana karta hun hamara chairman saheb Harsh Mohan Guptaji apka lambi umar de aap nai he jitna company ka director hai company Secretary Khurana Khuranaji aap hum logo se jis tarah se hum logo ke sath corporate karte hai relation rakhte hai isliye me dhanyavad deta hun aur aap sab logo sust rahiye ye bhagvan se prathna karta huye mene hamara bhoktabo ko unklutit karne ja raha hun mere ko bolne ka moka dene ke liye dhanyavad deta hun. Thank you very much.

### **Nirmal Kumar Khurana**

Thank you Mr. Sarkar for the kind words. I now request our tenth speaker Mr. Ankit Gupta Mr. Gupta. Please unmute yourself and switch on your video. Please ask your questions.

### **Mr. Ankit Gupta**

Yeah, thanks for the opportunity. I'll not repeat the questions which have been asked by the earlier participants, so. You know, we what we understand is like we. We are largely in wire harnesses for our efficient air lines. However, in this year 's annual report we have talked about some of the new products like you know, interconnect system consoles, complex consoles, box builds and automatic test equipment, and electrical panel assemblies. Can you talk about some of these new products and how much are these products currently contributing to our top line and how much is their contribution in the new orders that we have built for? And the second question was on you. Know we have. Largely focused on military segment in the aviation sector and stayed away from commercial aircrafts. Have we now decided to enter into commercial aircraft? How big can this opportunity be if we have ventured into this? In FY21, we had manufactured around 28,000 units. In Rossell Techsys. But as per report of this year, we have delivered around 23,000 units. So there there seems to be some decline in volume this year so we can talk about that. How many units are we planning to sell for FY23? If you can talk about it as per last year AGM, it was highlighted. That after 23 is expected to be a good year for other company after muted performance in FY22. However, this year, as per AR, it seems that there are some uncertainties currently even for FY23. So if you can talk about how do we see revenues for the road Rossell Techsys division for FY23 and FY24?

As per the last Report, Rossell Techsys had informed confirmed orders in hand of around 750 crore, but as per the chairman speech, it seems that the confirm order in hand has declined to 400 crore. Is that true if you? Can talk about. Decline in order book. Uh, and then uh? I think the rest of the questions have been largely covered by the earlier participants. I will not be repeating them if we can talk about. How is this? You know, scale up with new clients like all Lockheed Martin, Honeywell Blacks as well as Israeli military happening. Have you added some new customers in past one year? If yes, if you can name them and. You know what kind of opportunity do we see with? Then in our annual report we have also mentioned that our major client, Boeing has been re strategizing its defense business. And how do you see this this this this this change in strategy internally in Boeing impacting our business with them? Since Boeing contributes almost 90 to 95% of the revenues in the aviation sector currently. Oh, thank you. I think the rest of the questions have already been asked by the earlier participants. Thank you.

**Nirmal Kumar Khurana**

OK, thank you Mr. Gupta. I now request our 11th Speaker, Mr. Hemal surendra Manek. Mr. Manek, please unmute himself, unmute yourself and switch on your video. Please ask your questions. Mr.Manek.

**Mr. Hemal surendra Manek**

Hello

**Nirmal Kumar Khurana**

Yeah, yes Mr. Manek we can hear you. Please go head.

**Mr. Hemal surendra Manek**

Yeah, thank you so much for giving me the opportunity. I am sorry I joined a bit late so please excuse me if some of the questions are repetitive. But firstly I want to understand how big is the global market for wire harness and also, what would be our market share globally? Secondly, if you can elaborate on the working capital cycle in the Russell Techsys division, especially if you could may be break it down in terms of receivable days, inventory days and payable days, that would be very helpful specifically for the Techsys ]division. Uh, if you could explain in layman terms what would be the difference between confirmed purchase contracts and confirm strategic arrange agreements? Next, typically, what is the average duration or average tenure of our contracts? Also, we have written on the website that we have some teaming partnerships with albatross interconnected, etc. So what are these teaming partnerships? If you could please explain that. Next we have written in the annual report that since we operate on fixed price contracts, the longer the period of performance, the greater the risk. So how do we mitigate this raw material price raise? Especially since we also right that wrong. Procuring supply of raw materials on a fixed price basis is typically not feasible beyond 2 years, so what steps do we take to mitigate this risk? Next, if I look geographically, then the UK market has grown in FY22. And if I'm not mistaken, it is the only market geographically which has registered a positive growth. Geographically speaking, all other markets have been grown. Why oh why in FY22? So what is the reason for this? What is triggering this growth in the UK market? Especially when the overall sales and the all other geographies are degrowing also weather UK sales are primarily relating to the Tea business or the Techsys business. Next in in a magazine called Asia One magazine, Mr. Rishab Gupta, had said that aspirationally we are looking to reach 2000 crores in revenue in the Techsys business by the end of this decade. So I wanted to get an update whether we are still on track and whether we have changed our goals or aspirations, or whether we are still on track to



achieve that. Uh, also since one of the earlier speakers mentioned that 90 to 95% of our aviation business terms from Boeing. What are the plans to diversify beyond this and reduce the customer concentration risk?

Final 2 questions that are there any plans to demerge the 2 businesses? Because the way as investors value these 2 businesses would be very different and these are 2 very different and separate business divisions. Do you think it would, uh, do you think we can expect a demerger of these 2 sometime in the future? And lastly, since we are doing such great work and our performance has been so excellent, I think as investors we would really appreciate if maybe we can increase our communication. With investors a bit more in terms of may be releasing investor presentations and doing conference calls, may be even on a half yearly basis. So in that sense, to improve the investor communication would be really appreciate. Thank you so much Sir. That is it from my side and thank you so much for this opportunity and all the best.

**Nirmal Kumar Khurana**

Thank you, Mr. Manek. I now request our 12th Speaker shareholder Mr. Sujan Modak to unmute yourself and switch on your video and ask your questions. Mr. Modak please.

**Mr. Sujan Modak**

Yeah, you can hear me Sir.

**Nirmal Kumar Khurana**

Yeah, we can hear you. Please do it.

**Mr. Sujan Modak**

Good evening, namaskar. I'm Sujan Modak, Sir, I'm attending this meeting from my residence in Kolkata. Harshmohan Guptaji Sir, you're doing very excellent with this company. We are very, very happy with the performance of the company, so I really thank you Sir. So great job. Thank you, thank you. Yeah, thank you Sir. Very nice job. We are really happy as a shareholder as an investor and you're very focused. You're all directors. Total management is very focused and they're doing excellent job, Sir. Sir, I am number 12. So Sir, my questions been asked and the way you have explained almost all the questions. Reply I have received Sir only I've got 2 things to to ask you Sir, Interest rates are going up and our debt is uh, how much please tell us and what I believe as a layman that since the interest rates are going up, this may give some effect negative effect on our profit margin. So if you please Sir tell us. And another question is Sir. In aerospace business we are manufacturing so many parts which is very nice, fantastic Sir. We are very happy Sir. I just want to know as a layman once again Sir. Whether these parts they bear the name of our company or different company means whether we are just contract supplier or we are directly supplying. So our company name is being focused everywhere or not. I just wanted to know, Sir. And I don't want to ask, uh, under no, no other time I want to consume. So one last thing is that the effect of the war and this interest rate are going up. What adverse effect is going to put on our company? Please tell us and before finish. I'd like to take your permission for one minute. I want to really thank our nirmal Khuranaji. Sir, you are excellent, fantastic so many years I'm in this company and I'm Sir I'm looking at you Sir. Fantastic job, you are as a director of Finance and company secretary. I don't know Sir, how you manage it so fantastic sir Namaskar sir and definitely in your this one the department Dipankar Das. He

is also very fantastic here. Always keep touch with us so I really thank all the team members. Thank you very much Sir Robert to you Sir.

**Nirmal Kumar Khurana**

Thank you Mr. Modak, for the kind words. There's a turn of now 13 shareholder Mr. Tapas Kumar Dutta Mr. Dutta. Please unmute yourself and switch on your video and please ask your questions over to Mr. Tapas Dutta.

**Mr. Tapas Kumar Dutta**

Hello Am I audible?

**Nirmal Kumar Khurana**

Yes yes absolutely.

**Mr. Tapas Kumar Dutta**

Respected chairman distinguished Board of directors and KMPs and my fellow shareholders visiting these busy meeting. I myself Tapas Kumar Dutta an equity shareholder over Rossell India Limited. Sir page 17,18,19. Rossell Tea and Rossell Techsys are 2 different division. The nature of business are different. They are working in different fields. Why have you kept them in same umbrella? What is this benefit?

Why not? Have you demerged it? Sir page 17. Our sale. Our sale average is significantly higher than industry average. For Assam state. Sir, why your sale average is higher than industry average? Is it your brand, Quality or marketing ability? Sir page 17. Tea industry is in better shape. Due to supply chain disruption from similar Selenga crisis. Sir, why have you exceeded one state? Sir, what is your Capex? How would you utilize? Sale bossy.

Sir page 24.

Internal audit of Rossell Tea Division is and are carried out by firms of Chartered Accountants. So let me know the name of the firm.

Sir page 26.

Discuss on with export and training programs for Innovative idea of production that is Tea production Sir, throw light on the innovative idea of Tea production

Sir, Page 30

Rahul Bhatnagar directorship in other companies 3. You have shown, but you have given only 2 other listed entities I would like to know the 3rd one.

Sir page 43.

Shared price data shown without volume. The liquidity of companies shared cannot be understood on this Market price data sir volume indicates liquidity. Try to include volume in this section.

Sir Page 45

Shareholding pattern shown without previous years data change of holding is not possible to be understood from it. So try to include previous year's data and percentage of change of voters holding and public holdings in this column.

Sir page 49.

Long term credit rating Find ways? Sir it is to improve to double A plus from A minus. Sir minus brings a negative implication impression, sorry, impression.

Sir page 72.

Date or start over ratio is decreased indicating carried collection policy is deteriorating Sir. What steps have you taken to improve it? Sir total number of permanent employees 5485 numbers 12,307 - 6822.

**Nirmal Kumar Khurana**

Mr. Datta may I request you to curtail your question because 3 minutes are over. I request if you have many number of questions, you can simply write to me and I will give you all the clarifications required. If you can kindly cut, that will be better because you are going line by line.

**Mr. Tapas Kumar Dutta**

Another point is right I said right use of assets. The right use of assets is not shown separately. Which is a diet issue, right? Use of asset and which is this whole property? It is. Sir it is not possible to know from your balance sheet, so another is hopeful, published and it is. In keeping inventory, it is increased. Sir inventory increased turnover decreased and it is a pathetic situation. Sir leasehold property, one of the legal property. Said one of the Tea estate in. You said that KhariKatia, the Estate, the deeds are not in your name Sir. Please throw light on it. Another another point is Sir. Auditors reported in. Sir in auditors report, the company has not revealed devalued its property during the year, so let me know. The last date of revaluation Sir.

Page 108.

Let me know. Don't forget you though. Yes, yes Sir. Are you listening to? Yes yes yes, Sir.

**Nirmal Kumar Khurana**

Speaker are given 3 minutes it is over if you have any more questions, I would request you to send me a list of all.

**Mr. Tapas Kumar Dutta**

The questions yes, Sir. Yes, Sir, I will send you. Yes Sir, I will go to you. Please I will go to your office.

Yes, you are filled with questions so I will clarify all the questions. Sir, yes Sir. Yes Sir yes Sir. Please stop down.

OK, yes, Sir. Yes Sir. I conclude with this I conclude.

**Nirmal Kumar Khurana**

Thank you Mr. Dutta

I now request our 14th speaker shareholder, Mr. Saurabh Jain.

Mr. Jain Please unmute yourself and switch on your video and ask your questions over to Mr. Jain.

**Mr. Saurabh Jain**

Good afternoon, good afternoon Sir. Am I audible?

**Nirmal Kumar Khurana**

Yes, absolutely. Please go away.

**Mr. Saurabh Jain**

Right, sure, so you know. My first question is about the competition in the Aerospace division. So recently revenues that one of the auto majors has got going as their clients. This auto measure is based out of India, though the custom though the product which they've got in that project is not The EWIS, but they do seem to have some very good experience towards the side of wiring also. So do you feel that the competition might increase for you in future? So that was my first question. So second question I have is so you had done a Capex of I think almost 85 Crores in FY20 and FY21 for your aerospace division. And so I wanted more clarity there. So was it more towards the manufacturing facility?

Was it more towards the manufacturing facility or was it for R&D and you know if it was for manufacturing, can you please mention what kind of peak sales can you expect from that facility? So that was my second question. So my 3rd question is so you do mention in last you have mentioned in the last 2-3 AGMs the number of parts which you are delivered. So if I just do the calculation of realization per part so that has increased for you from say, 58,000 per product to 68,000 between FFY20 to FY22 so you know, Sir, can you please explain the reason behind this increase? And do you see there is scope for you know increase in number this number even further and the related question to this is if you can mention what kind of deliveries are you targeting in FY23? So my next question is also so I was going through your order and report. So in 2015 annual report you had mentioned that the success rate of converting RFP 2 order for you in 2015 used to be 75% so. Has this number changed for you in recent years? Then if you can give an update on what the current number is? My next question is what kind of employee additions are we targeting for the Aerospace division in next 2 to 3 years? On the next set of questionnaires about your inorganic expansion, so so in last 3-4 years annual report you have been talking about inorganic expansion. So if you can mention are you looking for some product based expansion or are you looking for a company which is present in another geography? So will it be a geography based expansion and what can be the expected deal size of the acquisition. So if you can give those details. My next question is so hard restart I think in 3 years back started a subsidiary which was Rossell Techsys based out of US. so, and your plan was to get more orders from you. So have we started getting any benefits because of opening of this new subsidiary? Or do you feel we are still in the gestation? Second, let me see. Another question I had was, so I think previous participants have asked this, but so their doubts about are you a single source supplier? There are also other suppliers to Boeing for the newer orders, but if you can also specify how has this been in the past, do you do you usually remain a single source supply to customers? For particular products? Or are there multiple subjects? Just one thing. Yes, I think so. My questions.

Yeah, when questions or they forgot to us. So this is my last question in the recent magazine interview the management had talked about 2,000 Crore top line. So does this target include only organic growth or has that? Does the management also expect some benefit to reach this? 2000 crore top line to come from inorganic expansion also. So these are my questions. It will be very helpful if the management could answer the question. Thanks.

### **Nirmal Kumar Khurana**

Thank you Mr. Jain. I've now request our 15th speaker, Mr. Vishal Prasad.

Mr. Prasad. Please unmute yourself and switch on your videos. Please ask your questions if any. Mr. Prasad.

### **Mr. Vishal Prasad**

Hello yeah. Yeah, go ahead opportunity. I have few questions. I understand that until now, most of our revenues come from helicopter platform. Could you please share what percentage of our revenue comes from helicopter platforms and going forward, how the evolution would be between helicopters and aircrafts? Second question is we are mentioned in the annual report that we have built for significantly larger FPS. Could you share the threshold in USD above which we consider the RFP or large bits? 3rd question is how? How has been the evolution of the kind of contracts we are invited for over the last 5 years specifically for Boeing because that's our largest customer? Both question is what is our win rates in the RFPs? How much do we aspire to in terms of win rates going forward? First question is, in the past we have mentioned that we have. Tied up with some companies in the US and Israel, So that we can bid for contracts, are we prime in most of the RFP or bid for as subcontractors? 6 question is typically what all companies we see during the RFP process. I understand that generally the RFP processes are blind, but still we will know or come to know about the competitors, so if you could talk about the competitors that we have, that would be great. That would be great. 7 question is we are I mean this is a general question? I'm very new to the company and probably you might have answered this in the past. We were a tea company and then bought into aerospace or defense. How did it happen? If you could elaborate on that, that will be great. 8 question is we mentioned 5 areas where we have been invited to bid for RFP out of these 5 EWIS and electrical panel we have already got the Contract but other 3 areas complex console bot builds and 80 are these 3 aspirational and we are yet to get contracts from a foreign customer. When do we see us making a breakthrough in these 3 areas? Uh, 9 question. We talk about new opportunities in existing Advil as well as adjacent competency areas. Could you please elaborate on the opportunities that we are seeing and would like to explore? 10th question, could you talk about the opportunities in product support and aftermarket that we have talked about in the annual report? 11 question we have mentioned that typically the compact is at fixed exchange rate. Could you talk about the supply chain of a typical contract? Like does our customer decide all the suppliers? In the supply chain and transfer pricing, like the raw material for us, is the vendor as well as the pricing pre decided. 12 question. Our yearly price escalation in build the contract, which takes care of regular inflationary items like power or vegetable. If not then our margins will keep on going down here a year during the contract duration. 13 from which year we can expect us? Our revenue is significantly scale up. And last 2 questions. Last year we did a Capex of 87crore out of which buildings were 72 crores and not much of machine. Much of machinery in Russell Techsys division, it is mostly the building i. Is it the buildings required to manufacture our products or do we need significant machinery? I'm confused as generally for manufacturing companies significant plant and equipment are required. If you could just help me understand this, that will be great. And the

last question. The new 10 year contract that we have got. We have mentioned that the platform would exist for next 30 years. So I mean what happens after 10 years? Do we see is continued for next 20 years 10 + 20 or there will be there can be challenges from our competitors. Thank you so much.

**Nirmal Kumar Khurana**

Yeah, thank you Mr. Prasad. May now request our 16th speaker, Mr. Rohit Porty Prakash. Mr. Prakash, please unmute yourself and switch on your video. Please ask your question.

**Subhashis Sengupta**

Mr. Khurana, Mr. Rohit has not joined the meeting

**Nirmal Kumar Khurana**

OK. Then we go to the next person. The last speaker is Mr. Mahesh Kumar Bubna. Mr. Bubna, please unmute yourself and ask your questions again.

**Subhashis Sengupta**

Sir, Mr. Mahesh Bubna has also not joined the meeting,

**Nirmal Kumar Khurana**

Fine, then 2 out of 17-15 have already raised their questions and 2 did not turn up. OK fine. I thank you all those speakers shareholders for the questions raised. I now request our chairman sir to take over.

**Harsh Mohan Gupta**

Thank you, thank you Nirmal. I will endeavor to respond to some of the questions that have been raised by the valued speakers. I will also thereafter request Mr. Rishabh Gupta to address some specific question responses pertaining to Techsys, but I myself will also be addressing quite a few issues pertaining to both the businesses of the company. With regards to the turnover this year, we definitely expected to offer both the divisions both Russell Tea and Rossell Techsys should be doing higher turnovers this year as compared to the previous years. A road map for the next 3 years. Somebody had asked. Yes, the intent of your management is very clear. It is for both the businesses to grow. They are well established in their respective fields. They command their own clientele, their own customer base and are at completely poised to grow in their respective fields. So I reiterate and confirm that the whole intent of the management. Just to keep going with the businesses. Uh, been regards to the scene of Bokakhat tea estate as we had mentioned earlier, this was the smallest tea estate and looking at the size of your company, the professional management. That it has in its wisdom, it is very, very clear that Larger FP states which are more economical to operate and well are have more scope to be profitable and therefore the intent of the management is to acquire 2-3 larger estates so that the total production of the Tea business can Be taken over to 9-10 Million Kgs in the next 3 to 5 years. As I had mentioned in the speech, the debts of the division have come down substantially and the division does not have any medium or long term loan since. Hence, we feel that expansion into larger Tea fields will be of interest to us and the only reason we exited Bokakhat tea state was because of its small size producing 4. 29Lac Kgs. Still Performance for the current financial year I've already advised that we expect both the divisions to enhance their turnover and profitability.

With regards to the question which was asked with regards to RV Enterprises. It is a special purpose vehicle for investment in Devyani International Nigeria Limited which has the franchise opportunities for operating KFC outlets in Nigeria.

Definitely noted we ourselves are thinking of more interaction with shareholders, investor presentations, participations etc etc. Definitely very well noted, and I think sooner rather than later we will be implementing it. Once Rishab could probably expand a little later or to this matter about the strategic agreements were set to be confirmed orders and the difference between them. Let me start by explaining. You see if you see around the world whether it is defense or whether it is collusion. Developing a new platform that is developing a new aircraft helicopter ship anything. It's a very time consuming and fun consuming task. It takes years and years, and depending on the platform, billions of dollars to develop it. And that is one of the reasons that once the platform is developed. It is in service for decades, easily average would be 30 Years, etc etc and. It could even go up to 50 years if one has recently read the newspaper articles. But Mig 20 once in the Indian Air Force were inducted in the 1960's and we are in 2020s. The purpose of highlighting this is that once an aircraft manufacturer develops a platform which remains in service for decades to come and that is the reason those manufacturers sign strategic agreements with their suppliers like Rossell Techsys, that means they will sign a strategic agreement for 5 years or 10 years, because continuity as far as possible is very good, so that the same supplier continues. Who has mastered the technology of producing that particular product, whether it is an engine or whether it is a wire harness or something like that? Again, so those are the strategic agreements that are signed for long term basis against those strategic agreements Confirmed orders are placed which are obviously placed for of 2 years or 3 years. And different time periods Rishab Can tell more on it but overall I hope I've been able to explain. That what is the purpose of a platform development with life of a platform? That is what strategic agreement is and what is a confirmed order?

So sorry to interrupt that just to add, since you've talked about strategic agreements in simple words, basically it provides the total quantities that could be ordered for the platform for that specific period. A contract is a firm quantity issued as in when the quantities are requested. So every year so most of our contracts today for all the different platforms we are on have a strategic agreement and a fixed form contract. So depending on the numbers per year the strategic agreement gets converted into a fixed term contract that will be executed, so that's primarily the difference between a fixed terms in a strategic agreement strategic.

### **Harsh Mohan Gupta**

Will I get realize interfirm fixed PO every year? Depending on the numbers to be sold. So based on the number of aircrafts that have been ordered by the manufacturer of the aircraft. Say Beta, Boeing or Airbus or Lockheed, where it is based on the orders they have received, whether it is from Government of India or USA or UK or wherever in the world they signed strategic agreements that we are likely to produce so many of these aircrafts. Yes, those numbers would obviously change with passage of time. And that is what they are indicating to their suppliers globally that we intend to produce so many aircrafts we want to sign a strategic agreement with you so that for these aircrafts. You will be supplying this particular equipment at your manufacturing facilities to us for so many years. And against that then they place confirmed order. Another question that we asked Dr. Desai, will address are we the suit supplier for T-7 and wire harness that we are producing. Obviously for not only us for the T-7 or anybody, whatever anybody is producing that is the supplier. Yes, they at times may have alternate supplier or for instance

to the particular. Like for if there is a partnership, let us say hypothetically, between us. Going in a soft there may be a different supplier to solve in a different supplier to. Boeing, but fundamentally yes. What one is supplying on a particular platform you other supplier for that product? They should say you want to add something.

### **Rishab Mohan Gupta**

Yes, just to add, so it depends on platform to platform. Rossell is currently on multiple platforms like the F-18 F-15, Apache, and New T-7 etc.

So it depends. So on some platforms they they have a different source, but not building the same wires we build. So just to give you an example, I'm throwing out a number there are 100 different wire harness used in in a helicopter, in some cases some supplier is doing for 50 and a different supply is doing 50. There's no overlap of the wires we are building today.

For the T-7 happy to say that Rossell has all of boings portions. We're doing it as a sole source completely for Boeing for the complete T-7 aircraft of Boeing portion.

There are other Aircrafts and helicopters like the Chinook, where we're doing 50%, 60%, 70%, 40%. So it depends on program to program platform to platform.

Coming to the global market for wire harness, I don't know if you have any number.

I mean, that's a hard thing to say, but I can say I mean approximately I can say the cost of wire harnesses per aircraft is anywhere from 2% to 3% for for aircraft or helicopters. But wire harness is going to every different thing they go into? Not only aircrafts and helicopters they use in tanks, use in shifts, use in missile they using. Multiple different domains. So to answer the question, what is the market? Uh, I really don't have that answer to be to be honest. But Rossell has a lot more potential to grab a lot more market because what we're doing today's in numbers is really not that high for the the the the demand that's out.

### **Harsh Mohan Gupta**

There it is. I mean to answer the question. It will be billions and billions and billions of Dollars so I mean we are talking billions and billions. So Sky is the limit. Another question was relating to interest rates going up. Yes, we are very well aware that interest rates going up. As I said in my speech if we look at Tea for instance, or new taxes on a lot of input costs are going whether it is coal, fertilizer, Wages, interest rates, everything is going up, but that is where the proper management comes into place. We have already factored in those aspects into our cost for the coming year. Whatever changes takes place, we are factoring them in and in spite of that, I repeat. I confirm that we are looking to a better turnover. In a higher profitability in a higher level. It is also to be noted when we are talking of Interest rates going up. Then the rupee is depreciating, rupee has depreciated by over 7% from the Beginning of January to now. Rossell Techsys is a completely export oriented unit with 99% or something like that of its production is exported. Rossell Tea is also exporters of Tea, so kindly note that with the depreciation of rupee, it is enhancing the profitability of your company. Yes, we have an automatic hedging. Whereby in Techsys, we import raw materials in foreign exchange, which is a portion of our total selling price. However, there is labor content and profitability and other aspects added so. As to sum it up it would be said that the depreciation of the rupee will easily counter the marginal Increase in interest rates.



I may also mention to you when you have talked a number of speakers having discussed about the diversity of the businesses. As far as Tea and Techsys is concerned about segregation, what are we planning? What are not preplanning, et cetera, et cetera? I would definitely like to emphasize on it as lot of speakers reduce this factor that your management is well aware of the diversity of the 2 businesses. And at the board level, we continue to address the best interest of the company. Whatever decisions we will be taking in time to come will be definitely the best interest of both the businesses, both the companies. Both the divisions that are functioning and the management will take the most Prudent decision at the most appropriate time.

Then another question, some question speakers have asked about organic and inorganic growth. Let me tell you as I had mentioned, we have submitted very substantial Bids of over \$4000 Crore for which decisions are pending. Depending on the outcome that your management will then determine which is the best way forward for your Company we will take a consensus decision for it's for diversification or expansion Your management would not like if Suppose we get orders worth a few \$1000 crore which have to be delivered over the next several years. We will take a concerted decision, we will. We are not going to spread ourselves in spared areas. It's not that we will also acquire companies in new areas and also executes now 1000 crores, yes. If we don't get those orders, we may look at other organic inorganic good. If we get those order we are going to see Rossell is named for its performance excellence and how we execute, how we deliver, how we produce, and that is going to be the motto of the company and the top. Top aspect of the company so. Based on the flow of the orders which are expected in the coming weeks and months we are. Then going to take appropriate decisions and definitely I can reemphasize that there is a huge potential for the aerospace and defense business around the word at the moment. And as I have mentioned, the nature of the world has changed. Post the Ukraine Russia conflict earlier. Every country I repeat, every country felt it was a part of one world even today it is a Part of one world. But many other countries do. They feel that it is also they are duty bound. Responsibility to protect their own country. It is not that NATO only protect Europe. Or America will have a godfather hand on Europe. So the dynamics in the world that changing even where they produce the defense equipment from there will be as far as global, but changes are concerned equations will change too? Will purchase from China or Russia or not and who will? Only purchase from US or Europe etc. So yes, global dynamics are changing. Things are changing. We are continuously bonding with those changes and whether it is organic or in inorganic growth it will depend on the inflow of orders and the various bids that we have submitted. Rishab, would you like to add anything?

### **RISHAB MOHAN GUPTA**

Yeah, definitely. So what do you mention about inorganic and organic is completely online, but the decision will be taken how we can give them more value to our customers?

That's the prime focus of when we're discussing growth, or we can give more value to our customers. So that's the prime focus that we have today, and it'll depend on on time and situation and when this is going to happen second, you did mentioned. I do want to mention that you mentioned that we submitted bits of 4000 crores. And because of Rossell's reputation, what we were able to create and achieve over the last 10 years with our delivery ratings and our quality, it's opened up doors not only on the defense side but the commercial side as well. So Rossell has bid for commercial derivatives and commercial aircrafts and that will expand us in a very big way, so those decisions should be taken anytime in the next 2 quarters. And just to let everyone know doing wire harness is on the defense versus commercial is a big

difference because the size of the aircrafts are much larger on the commercial side. The numbers of the aircraft being produced are much higher compared to the defense side, so if we get the breakthrough in the commercial, that's going to open up completely different world and take us to completely different levels on the wire harness side.

### **HARSH MOHAN GUPTA**

So to emphasize on what Rishab just mentioned, we have had now the opportunity to submit substantive bids on the commercial platforms also. And I reemphasized what Rishab has mentioned. Please note 2 important things whilst Helicopter or a fighter aircraft. They are much smaller in Size et cetera, et cetera and the quantum of wiring lengthwise and number of pieces. Why is that is needed is completely completely different. You all have traveled in commercial aircrafts like a 737 or 8320 sector which are smaller bodied aircrafts and wider body aircrafts. Like a 787 or 8380, et cetera, et cetera. Those need much more of wire harnessing etc. So once we achieve that breakthrough. Number one it will open up new doors for us and secondly I want to re emphasize. Likewise, till now our focus has been towards the US customers a lot of time and energies are we have been spent towards the European customers with whom we are looking forward to a breakthrough in the coming months or years.

We already have got a breakthrough that just to add with one of which a French company and an Israeli company. So we've added 2 more customers,

Correct

one in Israel and one in France. So we are also expanding our geographies more from the US. Now we're moving to Europe as well, so I think we've covered that pretty well and over the coming times, definitely. These 2 companies will give us lots more revenue over time. They definitely don't.

And one of the one of the European companies is a leading global player. I would like to clarify. So diversity, organic, inorganic growth, strategic orders, turnover.

Do you want to mention anything about your CEO and CEO or anything Rishab what should be over?

I mean whatever.

Yeah I would also like to advise some speakers. They're asking about diversification or new businesses. I would like to advise that a very good new opportunity has also come our way for test benches. It is early days. It has recently come but a very good opportunity has come and this is for a European customer and Rishab would you like to say a few words?

Yeah, and it's not something new that we've done. It's in the last 2 years we have delivered a lot of test equipment and box builds to different customers, so something we know it's something we've proven ourselves on and that's why we're getting these opportunities. So fingers crossed it should come our way and then that would be another really good stream for yourself to have more revenue.

Rishab, I think I've covered most of the questions that I had noted. Would you like to say something? Before I move on.

## **RISHAB MOHAN GUPTA**

Uh, I'm just trying to see what other there was a question on evolution of contracts, so we have seen a bit of an evolution on contracts when we started.

There was a lot of skepticism working with the new supplier in a different part of the world, but it took time to build that reputation up and improve ourselves, and now we're seeing much larger size contracts coming our way. If it was a \$5,000,000 contract you were bidding for back in the day.

Now you're bidding for 50 million, 100 million, 200 million, etc. So the size of the contracts have increased significantly. They're looking at us for much larger business, much larger Volumes

And also in some cases for platforms that Rossell has been delivering for a while now. The repeat orders are coming to us on a single source, so it's not the global competition that we have for majority of our contracts and that will continue, but happy to say for some platforms we've got contracts on a single source as well.

So it has been a good evolution where the values have gone up significantly and the numbers are going up significantly.

That's why we are sitting here today and saying that we bid for 4000 plus crores worth of orders in the pipeline.

I would also like to add that post the pandemic. During the pandemic. We all know that a traveling had been substantially cut down.

Uh, I think with a vengeance now people are traveling whereby What I mean is If we look at the commercial aircraft production, it is expected that the demand would substantially increase for commercial aircraft around the world And as I mentioned, all countries have a different mindset today to protect themselves defense wise because of which not only the existing platforms life will be extended.

I repeat existing.

Aircraft helicopters, ships these their lives will be extended which will give opportunities for rewiring etc etc. Plus many more orders.

Are going to be placed for larger quantities whereby we expect Techsys turnover to continuously keep going up and up and at a much faster pace in years to come.

So the opportunities look bright, having said that, I wished.

I would just like to add one point that sorry on the question was raised on inventory levels as of today Rossell inventory levels are close to 6 months.

It was a strategic decision taken, but overtime definitely the idea is to come down to 3 months now. Whether that takes 18 months, 24 months, 36 months, I can't give you a specific date, but definitely. Inventory levels over time from 6 months will reduce to 4 to 3 over time.

**HARSH MOHAN GUPTA**

OK, I think having responded to all the answers, unless any other director would like to add anything. I will just wait for 10 seconds in case anybody wants to say anything. Fine, good enough. Thank you everyone. I hope we had very responded to the various questions that have been raised. I would not request the Members who did not cast remote evoking to cast their evote. Now the E voting shall remain open for another 30 minutes from now. The e voting shall remain in progress for the stipulated period on all the items of business as per the notice calling this meeting and conclude thereafter. The results of the voting will be displayed in the websites of the company, the stock exchanges as well as NSDL within 2 working days.

I would like to thank you all for attending the meeting and for the patient hearing.

Since there is no other business to transact with the consent of the Members and the Meeting is closed. Please stay safe and healthy. Back to you Nirmal.

You're on mute.

You must be on mute.

**Nirmal Kumar Khurana**

Yes, Sir. The meeting is concluded. I take this opportunity to extend the hearty vote of thanks to the Chairman and other respectable directors of the company.

It is my proud privilege to propose a hearty vote of times. I request you all to join me to give a vote of times by acclamation.

Thank you.