

**43rd ANNUAL GENERAL MEETING
OF THE MEMBERS OF
GARWARE TECHNICAL FIBRES LIMITED
(formerly GARWARE-WALL ROPES LIMITED)**

THROUGH VIDEO CONFERENCING (“VC”) AT 10:30 A.M. (IST)

Transcription of the proceedings of the AGM held through VC

Chairman	<p>Good morning Ladies & Gentlemen, I welcome you all, to the 43rd Annual General Meeting of the Company. Hope each one of you is safe and healthy.</p> <p>It is 10.30 a.m.</p> <p>Since the Company Secretary has confirmed me that the required quorum is present, I, therefore, call the Meeting to order.</p> <p>I would like to let you know that the proceedings of this meeting are being recorded.</p> <p>All members of the Board are present in the Meeting through Video Conferencing.</p> <p>The Chairman of the Audit Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee, Risk Management Committee and Representative(s) of the Statutory Auditors, and Secretarial Auditors are also present in the Meeting through Video Conferencing. Company Secretary and Chief Financial Officer (CFO) are also present in the Meeting through Video Conferencing.</p> <p>In view of the outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 20/2020 dated 5th May, 2020, read with General Circular Nos. 14/2020 dated 8th April, 2020 and 17/2020 dated 13th April, 2020 have permitted holding of the Annual General Meeting through video conferencing / other audio visual means, without the physical presence of the Members at a common venue. In compliance with the applicable provisions of the Companies Act, 2013 and the said MCA Circulars and SEBI Circular dated 12th May, 2020, this 43rd Annual General Meeting is being held through video conferencing.</p> <p>The joining to this meeting is opened for 15 minutes before and after the schedule time of the commencement of the meeting, which is 10:30 a.m.</p>
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	<p>As mentioned in the AGM Notice, the facility of participation at the AGM through Video Conferencing or other audio visual means has been made available for 1000 members on the first come first serve basis, except for large shareholders, promoters, institutional investors, directors, key-managerial personnel, the chairperson of the audit committee, nomination and remuneration committee, and Stakeholders relation committee as well as the auditors who are allowed to attend the AGM without any restrictions on account of first come first serve basis.</p>
Chairman	<p>Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy may not be a Member of the Company. However, since this AGM is being held through video conferencing, whereby physical attendance of Members has been dispensed with and in line with the aforesaid MCA Circulars and SEBI Circular, the facility to appoint a proxy to attend and cast vote for the Member is not made available for this AGM.</p> <p>The Register of Directors and Key Managerial Personnel and their shareholding and the Register of Contracts or arrangements in which the Directors are interested are available for inspection of the Members on the Company's website.</p>
Chairman	<p>Dear Shareholders,</p> <p>I am herewith presenting the annual report of your Company for the financial year 2019-20 in challenging times.</p> <p>COVID-19 has impacted every person and every sphere of life. Due to the country-wide lockdown, normal business operations came to a halt, and some sectors of the economy continue to be in stress.</p> <p>I am happy to report that despite the difficult situation, your Company recorded satisfactory performance in FY 2019-20, and it is well poised to stay on its journey of sustainable growth.</p> <p>Your Company achieved consolidated revenue of Rs. 985.27 crores for the year ended 31st March 2020, a decrease of 5.16% over the previous year's consolidated revenue of Rs. 1,038.90 crores. Consolidated profit before tax (PBT) was Rs. 178.86 crores, 1.77% lower than the figure for the previous year. Consolidated profit after tax was Rs. 140.53 crores, which is 11.8% higher than last year. The return on capital employed (ROCE) was 25.8%.</p>

During the year, your Board declared an interim dividend at Rs. 17.00 per share (170%), which includes a special dividend of Rs. 10.00 per share (100%). The Board of Directors have not recommended any further dividend and have recommended that the interim dividend declared as above be treated as the final dividend for the year ended 31st March 2020.

The top and bottom line growth of your Company would have been higher but for the lockdown. Particularly our strong order book for international sales in the fourth quarter was significantly affected. Domestic sales from depots around the country also could not take place as planned. Both these factors significantly affected the year-ending inventory value as well, which increased by Rs. 18.7 crores compared to the previous year-end in the standalone financials.

The sustained profitability of your Company in the rest of the year was driven by its portfolio of differentiated products. V2, our path-breaking and patented solution for the problem of biofouling of aquaculture nets, received a tremendous market response and is now an established game-changer in key markets. Deploying V2, your Company met the cage-net requirements of the world's first-of-its-kind offshore salmon project. V2 was also established for cage nets and predator nets in the Chilean market.

Breakthroughs were achieved for other technology innovations as well. X12, our solution to the problem of sea lice, was grabbed by a large customer in North America. Our compact and low shrinkage Sapphire Next Generation (SNG) netting continued to gain popularity in Europe. In Africa we made inroads supplying fully assembled pelagic trawls. Various new rope products were introduced for aquaculture mooring as well. In the international sports-allied business, we made a mark with frames and other accessories. A breakthrough was achieved in the US market for our geo-textiles, and a new product, flexible rope net gabions, was commercially launched with a large order from Europe.

On the domestic front, cyclones and an extended monsoon affected our growth in the fisheries segment in the first half of the financial year. However, your Company could overcome this setback due to its presence in diverse segments.

In financial year 19-20, it was particularly a good year for the geosynthetics division. It continued to consolidate its presence in the focus sectors of railways, roads, and industrial landfills, and demonstrated excellent execution of projects.

	<p>Your Company earned much appreciation from customers and business and industry-specific publications during the year. Our R&D team bagged four patents, and several more are in the pipeline. Our manufacturing teams responded smartly to dynamic market demands, and our finance team managed working capital astutely to generate higher funds from operations. We continued to strengthen our commitment to our core values with the initiative of rewarding 'Living Values' across all the levels in the organization. It also gives me a pride to report that for the third year in a row your Company was ranked as a 'Great Place to Work'. Our employees are our core resource and their welfare is a matter of our utmost concern. Despite the business challenges imposed by COVID-19, we have not resorted to any layoffs.</p> <p>As a responsible corporate citizen, your Company participated in the fight against COVID-19, by contributing to the PM Cares Fund, partnering with the MCCIA, Pune in its Pune Platform for COVID-19 Response (PPCR) initiatives. Your Company also undertook some traffic safety and other CSR initiatives.</p> <p>Looking at the future, I am happy to report that after the lifting of the lockdown your Company resumed a large part of its operations, taking all due precautions for the health of employees. Even during the lockdown period, your Company has received international orders, and this attests to the superiority of our value propositions. While several sectors of the domestic economy continue to be in a state of shock, our positioning in the food-supply industry and international presence gave us considerable insulation from recessionary trends. We are financially strong and our cash reserves are a big asset in these challenging times. We remain strongly committed to the execution of our strategic plans and, barring unforeseen circumstances, we are well placed to stay on the trajectory of growth.</p> <p>I look forward to your continued support in our effort towards delivering enhanced value to all stakeholders.</p> <p>Thank you!</p>
Chairman	I have to point out that as can be noticed from Auditors report there are no qualifications, observations or comments on financial transactions or other matters which have any material adverse effect on the functioning of the Company as mentioned in the Auditors' Report. As such, as per the provisions of Section 145 of the Companies Act, 2013, the Auditors Report will not be read out.
Chairman	With your permission, I will also take the Notice convening the 43rd Annual General Meeting as read.

Chairman	<p>The members are aware that the Company had provided remote e-voting facilities to the members to cast their votes electronically in respect of all businesses mentioned in the notice as per provisions of Companies Act, 2013 and Rules made there under.</p> <p>However, if there are members who are present at the AGM through VC but have not cast their votes by availing the remote e-Voting facility, they can vote by use of e-Voting system provided by NSDL in the AGM.</p> <p>The e-Voting system shall be disabled by NSDL after 15 minutes of the conclusion of the Meeting.</p> <p>This is to inform that Mr. S. V. Deulkar, Practicing Company Secretary who has been appointed as scrutinizer for remote e-voting, will also be the scrutinizer in respect of e-voting during the meeting. He will scrutinise the voting process in a fair and transparent manner.</p>
Chairman	<p>Before you commence e-voting, I would like to mention that Members were requested to submit their questions in advance with regard to the financial statements or any other matter to be placed at the AGM to reach the Company's e-mail on or before 21st August, 2020. Accordingly, the Company has received the questions from some of the shareholders.</p> <p>Further, Members who would like to express their views or ask questions as a Speaker during the AGM were also requested to pre-register themselves by sending a request from their registered e-mail address between 22nd August, 2020 and 25th August, 2020.</p> <p>The Company has received requests from Mr. Tanil Khanna, Mr. G. V. Naga Brahma, Mr. Ashvin Shetty, Mr. Ravi Kumar Naredi and Mr. Varun Anil Bang, to register themselves as Speaker.</p> <p>To start speaking, shareholders who had registered themselves as Speakers as aforesaid are requested to click on the 'Video On' button at the centre of your screen after their names are announced to ask the questions and after you have been placed on "unmute" by the host. If the Speaker is not able to join through video for any reason, the Speaker can participate through audio mode. In case there is a connectivity problem, we would ask the next speaker to join. Once the connectivity improves, the speaker shareholder will be called again to speak, once other Speakers who have registered, complete their turn.</p> <p>We would like to request Speakers to kindly limit their questions / comments to 3 minutes.</p>

	<p>We will try and listen to all the questions and then we will try and answer as many as we can.</p> <p>This is, I think, a new system for all of us, so I appreciate your support and I am trying this to work well.</p>
	<p>I now request Mr. G. V. Naga Brahma to ask the questions on the Financial Statements or any other business of the Agenda.</p> <p>(Chairman calls again) Mr. G. V. Naga Brahma?</p>
Host	<p>Sir, he has not attended the meeting so we can proceed to the next speaker shareholder.</p>
Chairman	<p>I now request Mr. Ashvin K. Shetty to ask the questions on the Financial Statements or any other business of the Agenda.</p>
Mr. Ashvin K. Shetty	<p>Good morning management team and congratulations for a very good year in trying situation. I have listed down my questions. I have 4-5 questions.</p> <p>One is basic question that I couldn't find the split of the company's revenues into various segments, like fishing nets, aquaculture, sports, agriculture, so you can help me with that.</p> <p>The second question is, the company had come up with a 5-year plan, but wanted more details. What are the targets that we are set out to achieve for this 5-year plan?</p> <p>The third question is regarding the cash utilisation policy, very significant amount of net cash in all books. Any plan with regard to utilisation of that cash?</p> <p>Second last question is any risks that you see in business, not from covid perspective, but from a two to three year perspective?</p> <p>Generally the consumer aversion towards fishing because of this corona virus etc, and secondly we had recently some issues in environmental regulations in Europe regarding fishing nets etc. So how does the management assess the risk in the business.</p> <p>And lastly if you can help me with the competitive dynamics, how is it shaping up etc and if you can help with the case study of how you are able to make breakthrough in say Chile market without any distribution partner of your own. So, yeah, these are my questions.</p>

Chairman	Thank you very much Mr. Shetty. We will come back to you after we finish and then try to answer as we can.
Chairman	I now request Mr. Tanil Khanna to ask the questions on the Financial Statements or any other business of the Agenda.
Mr. Tanil Khanna	<p>Good morning, respected chairman and the board members. I am Tanil Khanna, speaking from my residence in Mumbai. This is one of the very few companies, where in my speech, I have absolutely no complaints or no concerns. The balance sheet is well met, the results are encouraging, giving a lot of technical information.</p> <p>Regarding V2 technology, we have faith in management for good future. It is right time to expand and raise capital through rights issue. The last bonus was 1:1 in August 1994, exactly 25 years ago, and hence the bonus is very much due and that too not less than 1:1.</p> <p>With the share price surging, please think about split of shares in 1:5 or 1:10 like many companies are doing.</p> <p>Request you to plan a factory visit in Pune once the pandemic is over. Thank you, thank you and good luck.</p>
Chairman	Thank you very much Mr. Khanna. Thank you for your kind words and the trust that you have in us.
Chairman	I now request Mr. Ravi Kumar Naredi to ask the questions if he has any, please.
Mr. Ravi Kumar Naredi	<p>Good morning, management, employees of the company and fellow shareholders.</p> <p>My first question is at what capacity the plant is running right now, and what is the current order book of the company.</p> <p>Second question is, are you seeing any pricing pressure from customers all over the world, if yes, then which segment?</p> <p>Are you planning to add any new products in the portfolio or planning to enter in new segment?</p> <p>My fourth question is can you give us the plans and outlooks for the next two to three years and any capex plans?</p> <p>My last question is, are you seeing any changes in trends in the industry during covid?</p> <p>Thank you.</p>
Chairman	Thank you very much. I appreciate your questions.

Chairman	I now request Mr. Varun Anil Bang to ask the questions please.
Host	Sir, Mr. Varun Anil Bang has not joined.
Chairman	I believe that's all the speakers. We have also received some questions earlier through email as well as asked by the Speakers now, just give us one minute and we will try to answer as many of these as we can. If by any chance any question remains unanswered, I request the concerned shareholders to contact our team offline after the AGM is over. You can please email on secretarial@garwarefibres.com and we will connect with you.
Chairman	<p>We have received some questions earlier via email from Mr. Viraj Mehta, who is not registered as a speaker. I will start by replying to some of the questions that he has asked. And perhaps it will also cover some other points.</p> <p>His question was regarding new products, and generally the revenue breakup of these products, as well as the opportunity size for these products. And do the new products come at the costs of existing products or is it additional and the margin of these?</p> <p>What percentage of revenue came from patented products? I will try and answer these.</p> <p>Obviously, we have a broad range of new products and we got a large pipeline of products coming out all the time. Overall, roughly 30% of our top line comes from new products and we have a certain internal definition of what is considered 'new'. All products may not be patented within these 30%. The new product portfolio is a mix of both upgrades on our current settled solution as well as the products which address a new revenue stream and may add-on to our portfolio basket. Upgrade solution generally, of course, our aim is always to deliver better margins to us, but also more importantly better value to the customers with these upgrades. These products may, of course, come at the cost of current products, but is the value addition both to the company as well as to the customer, and this is certainly one of our key strategies in terms of our core profit improvement strategy.</p> <p>Second question is what percentage of revenue comes from essential or food related businesses.</p> <p>Food related businesses where the end product is food is approximately 60% of our revenue.</p> <p>Do we have any revenue concentration in terms of customers, products and the geographies?</p>

Fortunately, I think, as a company we have a very well-diversified mix of applications, products, customers as well as geographies. We sell in over 75 countries now. Therefore, we don't have any specific concentration as such. Our revenues broadly, as you may know, are about 60% from the international market and 40% from India. So, we are fairly well-spread and the answer to that particular question would be that we don't really have very high concentration in any particular area.

What kind of global market share do we enjoy in our major product lines?

This is a very complex answer because its different in different markets and different applications and throughout the world. But broadly, I can answer by saying that, key applications, so approximately 60% of the Indian mechanised fishing segment, approximately 40% of the global cage net solutions in global salmon farms. So, these are obviously two large areas for our company and we have reasonably good market shares there, and continue to sustain.

There is also a question about capital allocation. So how do we plan to deploy cash and is there any plan for organic capex or inorganic growth?

I think this question has also come from someone else.

Our capex is a very regular capex. We invest every year in increasing capacity in de-bottlenecking etc. You know our process is relatively like a textile process. So, we are fortunate in that sense that we can apply the capex effectively and judiciously to the right areas where we need.

We are not like the steel industry where we have to have a very large capex in a single line or new plant etc, so that is one plus point for us.

We are continuously examining inorganic opportunities, that is something very much on the cards. We are though, however, a conservative company, so we do believe that we need to really find the right fit for us, both strategically as well as financially, and in terms of values. So that is something we are looking at all the time and we are continuously trying to stand opportunities and find the right area, so that it fits into our core business.

There was also a question about revenue growth and margins being sustainable in the future.

Yes, the current trend of revenue growth would expect to continue over the next few years, and margin profile, yes, we do expect it to be sustainable. The very key input into that, is to continuously develop innovations and deliver them to the market, which goes on improving and sustaining our margins. We do have a strong pipeline or new products, our team is continuously working on that, along with our customers. And as of now we don't see any significant change in that profile.

I am not sure if Mr. Mehta is online, but I hope, I believe, I have answered his questions.

I now come to the questions asked by Mr. Ashwin Shetty.

You were asking about the split of the company's revenues amongst key segments like fishing, aquaculture, sports etc.

Traditionally, we look at fishing and aquaculture globally as one very key application area. This is probably our largest segment, is roughly 55% of our business. Sports is around 15% of our business. Geo-synthetics and infrastructures about 10% and then the rest make up the balance.

There is a question regarding the 5-year plan.

Our plan was, as already mentioned, to double the profits by FY23 from FY18, that is the 5-year plan. We were on track till F19. Since the lockdown, of course, we have been a little bit hampered in F20 and also the 1st quarter of FY20-21. But we do hope we will be able to make that up and we, from F22, will start recovering and get back on to that plan. There may be some delay due to this situation, due to the pandemic, but we are definitely doing our best to remain on that plan.

Similarly, there was a question regarding cash utilisation. I have already answered that, so I will not repeat it again.

There is a question regarding risks to our business.

As of now, we don't actually see any significant risks to our business on the points that you mentioned. Our products are all in compliance with the environmental regulations in Europe, and in fact we are working a bit ahead of that, so we don't see any significant issue from these areas.

You also asked regarding order book position.

Our turnaround time in all orders is fairly quick. It's not a project business, it's a really product and solution business. So, we don't track such an order book. Orders are turnaround within a couple of months. So, we don't have a order book tracking mechanism.

And you also asked about key competitive advantages of the company that give it edge over its peers and an illustration of this.

So, our mission, which you will see on our website, and almost everywhere is really our competitive advantage. This is what we do every day, this is what our strategy is every day at its core. And that is basically to innovate and deliver better products to add profit to our customers. We are finally B2B company. All of our customers are businesses so finally they look at their bottom line and you know, if their bottom line is growing, obviously, they stay with us. So that is really the key competitive advantage in a very simple term, and that's what we strive to do.

One example that you are asking for plans in Chile, Canada and aquaculture markets. One of the examples of this is our predator net solutions. As you may understand, having a large salmon farm in the open, certainly it is like a setting buffet for the predators. So, sea lion sees, they try and eat and they try get into the cage. This is a big issue for the farms, because they, for aquaculture companies, they lose, obviously, the fish in this process. The products we were able to bring to the market, are products which can significantly reduce the ability of these predators to get in and to take any of the fish out. So, these are very successful, add a lot of profit obviously to the customers when they are not losing their core produce. So, this has been one of the things in Canada, Scotland, Chile that is being very successful. And is an example of this e-competitor advantage. So, we innovated along with the customers, understood the behaviour of the predators better and then we were able to bring out a better solution to the market to address this.

Now Mr. Khanna thank you very much for your points that you mentioned and the faith that you mentioned in us.

Yes, I understand about the rights issue, as of now we don't have any fund requirements as such, we already have a fairly good cash reserve. So, we are not considering a rights issue as of now. The bonus and split is something continuously under discussion. We have been seeing data also from other companies and we have to still see the significant impact of this, but it is under discussion at the board level and with some of the advisors from outside.

Regarding the factory visit, yes, we will certainly try and arrange that. As you can understand right now it is very difficult, even between our own staff going from one plant to the other, there are challenges. So as soon as we can, we will certainly look into that.

Mr. Ravi Kumar Naredi, who also was a speaker and gave some questions. You asked about the capacity and order book.

I think the order book part I have already answered.

In our case, the capacity is again a very complex answer because many of our machines are highly flexible and they can make smaller sizes, larger sizes and this capacity, when we change the sizes the machines make it significantly shifts, not to a small extent but to a significant extent. So, we do run it at fairly full level all the time and that's been a great feature of us like we are able to have the orders and the customers in place. But we don't have a specific capacity utilisation as such, because its very difficult to choose a mix to calculate that all.

Whether there is a pricing pressure?

As of now, we are not yet seeing it in most areas and particularly in the value-added products, we are not seeing pricing pressure as on today.

Our basic way of selling is value-based selling. So, it is much more of a solution sale, and value-addition to the customer. It is not so much of a price of the product sell. Then of course, some commodity part of our business, yes, we do see a pricing pressure come and go, but for large areas of our business which is almost 70% now value-added products, we try and sell much more on a value-added basis.

Regarding new products and new segments, I think I answered that already. We have a good range of products in our pipeline for almost every segment that we are in, that's the primary job where we make our annual plans between our R&D teams and business teams, use to continuously fill out that product pipeline.

Capex also I think I did answer earlier.

Any change in trend due to covid?

	<p>As of now, of course one of the key issues is customer visits, that is a key challenge. We are maximizing digital contact, so digital marketing, we have Microsoft teams or any other platform calls with our customers, throughout the world. So even customers in Chile and Canada and Europe, we are trying to do a very regular contact through these online means. It is, I would say 80% certainly not 100% of being able to be in front of the customer, going to be able to visit their sites, etc. These are the key challenges we faced right now. Hopefully these things will not be a long-term trend and if matters can get solved, then it's a relatively short-term trend.</p> <p>I believe I have completed the answers to the questions so far.</p>
Chairman	Members are requested to cast their votes using the e-voting system provided by NSDL. Those who have cast their votes through remote e-voting are requested not to cast again votes through e-voting system.
Chairman	A consolidated result along with scrutinizer's report of the total votes cast in favour or against, if any, will be placed on the Company's website and sent to the stock exchanges not later than forty-eight (48) hours of the conclusion of this Meeting.
Chairman	I thank you all for participating in the meeting through video conferencing. I hope it was relatively smooth. Please stay safe and take good care of your health. That's probably the most important thing all of us have right now.
Chairman	<p>With that, I declare the meeting as concluded.</p> <p>Thank You.</p>
Company Secretary	<p>Thanks to Mr. Vayu for presiding over the meeting and thanks to directors and shareholders for joining the meeting. Now I request to the shareholders, to cast their votes if they not have casted earlier, within 15 minutes of the conclusion of this meeting. After that this NSDL platform would be disabled.</p> <p>Thank You so much.</p>
Chairman	Thank You very much.