Q) Do we have any plans to decrease debt to zero by the next 3 years on the Management table. Any plans to decrease quarter on quarter basis by the next 10 quarters to bring down much lower levels?

We thank you for sharing your concern with us. We would like to assure you that your company is very conscious of limiting its debt and is taking all possible measures to minimize its debt. Hence our strategy on capital allocation is to:

- Calibrate our capex based on the cash flow available; and keep it around the annual depreciation charge;
- Maintain a steady dividend distribution of at least 25% of standalone profit and;
- Continue to invest in our brands across geographies and channels; and
- Utilize surplus cash to reduce its debt

We have already reduced net debt in our core business by over Rs. 1,000 crores since March 2018 (overall net debt reduced by over Rs. 375 crores since March 2019) and would continue to allocate capital towards debt reduction.

Q) How is the flooring division doing and is the company planning to divest this division?

We have entered into a long term strategic arrangement with one of the largest US distributor for hard flooring. This has enabled us to secure 50% of our current capacity of hard flooring. As external situation keeps improving, we expect every passing quarter to be better than the previous one. On a 5-6 year horizon, we are looking at around Rs. 2,000 crore kind of a topline. At peak revenue, the margin will be comparable to company's margin.
The Committee of Independent Directors is evaluating options. We will let you know as and when the Board takes a decision on the recommendations of the committee.

Q) As the demand in the home textile division is good, how does the company fulfill market demand as company has limited capacity?

As we speak today, big-box retailers with massive footprint have become a destination for all kind of shoppers, including those who hitherto have not been visiting such stores. We are witnessing a sharp jump in enquiries and increased sales every passing month. Order book looks strong and projections for rest of the year looks robust.

Our supply chain has tied up outsourcing to ensure that we are able to serve increased demand from our customer.

Q) When will the company get the benefit of low cotton and fuel cost? When will the company get the benefit of a strong dollar?

The cotton prices had reduced from a high of Rs 42,000 last year to a low of around Rs 32,000 this year. The prices currently are at around Rs 37,000-38,000.

As you are aware, that as part of our cotton price risk mitigation strategy we buy cotton during October to March period for current consumption as well as off-season requirement

that is April to September. So in our case, the impact of lower cotton prices should reflect in the second half of the current financial year.

On the forex front, we have been consistently following the board approved policy to sell 50% to 65% of our receivables on rolling 12 months basis. The impact of current spot will reflect in our revenue with a lag effect that is from second half of FY2021.