

# **DISA INDIA LIMITED**

“Transcript of 35<sup>th</sup> Annual General Meeting”

Held on August 12, 2020

(11 A.M. to 11.56 A.M. IST)

## **Corporate Participants:**

Mr. Sanjay Arte – Chairman and Chairman of SRC  
Mr. Lokesh Saxena – Managing Director  
Ms. Deepa Hingorani – Independent Director and Chairperson of NRC and AC  
Mr. Anders Wilhjelm – Director  
Mr. Andrew James Matsuyama – Director  
Ms. Ulla H P Tonnesen – Director  
Mr. Amar Nath Mohany – Chief Financial Officer  
Mr. G Prasanna Bairy – Company Secretary  
Ms. Monisha Parikh - Statutory Auditors, M/s. Deloitte Haskins & Sells  
Mr. Sharath J K - Statutory Auditors, M/s. Deloitte Haskins & Sells  
Mr. Vijaykrishna K T - Secretarial Auditor

And

Shareholders

## **Welcome Address – Mr. Sanjay Arte**

Good Morning Ladies and Gentlemen. I, as Chairman of your Company, have the great honour and privilege to welcome you all to this Thirty-Fifth Annual General Meeting being held thru Video Conferencing. On behalf of the Board of Directors of the Company, I extend a very warm welcome to all of you to this 35<sup>th</sup> Annual General Meeting. I hope you and your family are taking the necessary precautions to remain safe and healthy during the ongoing Covid-19 Pandemic.

In view of disruptions caused by Covid-19, the Ministry of Corporate Affairs (MCA) and SEBI have permitted the Companies to hold the Annual General Meeting through Video Conferencing or other Audio-Visual Means. Accordingly, 35<sup>th</sup> AGM of your Company is being held through Video Conferencing (VC).

I understand quorum is present. So, we will now start the proceedings.

I now call the meeting to order. As we have the requisite quorum present through VC to conduct the proceedings of this meeting. Participation of members through VC is being reckoned for the purpose of quorum as per the circulars issued by MCA and as per Section 103 of the Companies Act, 2013. This meeting is being held through VC in accordance with the circulars issued by MCA and SEBI.

The MCA and SEBI Circulars dispensed with the requirement of dispatching the physical copies of Notice and Annual Report 2019-20 for this AGM. Hence, notice of

this AGM along with the Annual Report have been sent electronically to all the eligible Members who had registered their email ids. I, therefore, Ladies and Gentlemen, with your permission, take the Notice as read.

Before starting the proceedings, let me introduce the Directors present thru VC in today's AGM. I request all the Directors to specify their name, designation and location of participation. Participants may raise the hand for identification. Mr. Anders Wilhjelm, Director. You could just let us know your name, designation and location.

**Mr. Anders Wilhjelm**

Yes. Thank you very much Mr. Chairman. This is Anders Wilhjelm. I'm a Director of the Company and also the CEO of Norican group. And I'm participating from my home office in Copenhagen, Denmark.

**Mr. Sanjay Arte**

Mr. Andrew Matsuyama.

I'm not sure he is able to participate. So, we will assume he is not present for this meeting. We move on. Ms. Ulla Tonnesen, Director.

Again, I think she was having some difficulty getting on to the call. So, we will just continue and let us see if she will join later. But for this meeting, then we will assume that she is not present.

Mr. Lokesh Saxena, Managing Director.

**Mr. Lokesh Saxena**

Good morning to all of you. Lokesh Saxena joining from Registered Office of DISA India Ltd. based at Bangalore.

**Mr. Sanjay Arte**

Thank you Lokesh. Ms. Deepa Hingorani, Director.

**Ms. Deepa Hingorani**

Welcome everyone. Deepa Hingorani, I'm an Independent Director on the Board of your Company. And I'm joining from my home office in Singapore.

**Mr. Sanjay Arte**

Thank you. Thank you everyone.

Mr. Amar Nath Mohanty, CFO, Mr. G Prasanna Bairy, Company Secretary, Ms. Monisha Parikh, Partner of Deloitte Haskins & Sells, Statutory Auditors and Mr. Vijayakrishna KT, Secretarial Auditor and Scrutinizer for this AGM are also present in this AGM.

I now request Prasanna, Company Secretary, to provide general instructions to members regarding participation in this meeting. Prasanna.

**Mr. Prasanna Bairy**

Thank you, Sir.

Good morning dear Members.

The Company has enabled the Members to participate at the 35th AGM through the video conferencing facility provided by CDSL in compliance with the applicable circulars issued by the Ministry of Corporate Affairs and SEBI.

Members have been provided with the facility to exercise their right to vote by electronic means, both through remote e-voting and e-voting at the AGM in accordance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

The Members joining this meeting through VC, who have not already casted their vote by means of remote e-voting, may vote through e-voting facility provided by CDSL. The remote e-voting facility was open from 8<sup>th</sup> of August till yesterday i.e., 11<sup>th</sup> of August.

The Company has appointed Mr. Vijayakrishna KT, Practising Company Secretary, as the Scrutinizer who will collate the voting results of the remote e-voting and the e-voting at the AGM for each of the items as per the Notice.

Representation under Section 113 of the Companies Act, 2013, has been received from our Promoters.

Members are requested to refer additional information provided in the Notes to AGM Notice.

The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, have been made available for electronic inspection by the members during the AGM. Any Member wishes to inspect those documents can send their requests to the email id [investor.relations@noricangroup.com](mailto:investor.relations@noricangroup.com).

As the AGM is being held through VC, the facility for appointment of proxies by the Members was not applicable and hence, the proxy register is not available for inspection.

The Company has received requests from a few Members to register them as speakers at the meeting. Accordingly, the floor will be open for these Members to ask questions or express their views. The Moderator will facilitate this session once the Chairman opens the floor for questions and answers.

Thank you very much. I hand over the control of this meeting to the Chairman.

## **Mr. Sanjay Arte**

Thank you, Prasanna. The Company has made all efforts feasible under the circumstances to enable the Members to participate and vote on the items being considered at this meeting.

As there are no qualifications in the Independent Auditor's Report on the Financial Statements of the Company for the financial year 2019-20 and in the Secretarial Audit Report, may I take them as read.

I now request Mr. Lokesh Saxena, Managing Director of the Company to highlight on the operations of the Company for the year 2019-20. Lokesh.

## **Mr. Lokesh Saxena**

Thank you, Chairman sir. I'm privileged to welcome all the shareholders here. And, like to give you the highlights for the Financial year 2019-20.

Our revenue from operations declined about 7.57% versus last financial year. Although there was a decline in the topline, but we were able to increase our profits despite strong headwind condition in the market place; both before taxes and after the taxes. So, profit before tax was about 1.14% higher than last year and after tax it was 2.8% higher.

We did a successful cost reduction drive on people, material cost and operations thus having a positive impact on the profits of the Company. Apart from the above, we also did lot of developmental initiatives like service contracts, distribution development and Norican Digital which was the core focus from a long-term perspective of the Company. The EPS for the Company stand at 196.4 versus 191.03 for the last year which is the growth of 2.81% and we have recommended a dividend of 25% in line with the Company policy of maintaining a consistent view of the dividend policy.

On the market development side, as you all know, that we provide a complete foundry solution and that remains our motto for the Indian market. The complete offering does not only provide world class technology on the equipment; but also, world class service levels as prevalent for many years in the Indian Company.

We venture into distribution model which is now more than a year old. I like to give an update on that. We have appointed 4 distributors and they are functioning in the locations of Coimbatore, Ludhiana, Manesar, Kohlapur and Jamshedpur with a complete set of warehousing, operations.

Norican Digital solutions in the foundry is a unique way of integrating millions of data points from all equipment to arrive at possible corrective actions through the use to artificial intelligence (AI) tool. It impacts the overall productivity of the plant and reduce cost per casting. The program works to integrate process parameters and use AI to develop and suggest corrective measures. This also help in elimination of repetitive failures through a strong Root Cause failure analysis being done by services and engineering teams in India. We have started to integrate these solutions in already available major foundries in India.

As you all know that DISA India Ltd. has done tremendous work in the last many years on the Corporate Social Responsibility (CSR) initiative. This year we have introduced a new scholarship in the name of Mr. Jan Johansen who has been a Director on the DISA Board and has been a part of Norican group for many years. So, in memory of him, we started this Scholarship at National Institute of Foundry and Forge Technology, Ranchi. So, this is a new development so far as the integration of CSR program is concerned in the education area.

This is a very short update on the operational aspects and other things for the Company.

May I request and will hand over to the Chairman Mr. Sanjay Arte for further proceedings.

**Mr. Sanjay Arte**

Thanks, Lokesh for those operational insights.

We will now resume the proceedings.

There are five items of business, three are items of ordinary business and two are special business items as given in the notice and explanatory Statements attached therewith.

**ORDINARY BUSINESS items are:**

1. To receive, consider and adopt the Audited Financial Statements (including the consolidated Financial Statements) of the Company for the year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare a Dividend of Rs. 2.50/- per Equity Share of Rs. 10/- each (25%) for the financial year ended March 31, 2020.
3. To appoint a Director in place of Mr. Anders Wilhelm (DIN:08507772), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS items are:**

4. Ratification of remuneration of Cost Auditors.
5. Re-appointment of Mr. Lokesh Saxena (DIN: 07823712) as Managing Director of the Company.

The text of the proposed resolutions along with explanatory statements are provided in the Notice circulated to the Members.

The members who are yet to cast their votes, may vote on the above resolutions. The results of remote e-voting and e-voting during the AGM will be reconciled, and combined results will be declared later on. As per e-voting rules, the results will have to be placed on website of the Company within two days of the AGM.

Since the AGM is being held through VC, we had requested the members to register themselves as speakers in advance. Before proceeding for voting on the resolutions, I invite those Members to offer comments and seek clarifications, if any, on the Audited Accounts and the resolutions contained in the notice.

In the interest of time, I request the speakers to be brief and avoid repeating questions/comments made by earlier speakers. Each speaker is requested to speak for a maximum period of 2 minutes. Members are requested to mention their name and their Folio ID or Client ID before asking their questions. In the interest of time, a consolidated reply will be given at the end of the questions.

Now I request the moderator to unmute the speakers in the speaking order assigned.

### **Moderator**

Thank you, sir.

First speaker, shareholder for today is Mr. Yogesh Patil. I request the host to enable Mr. Yogesh Patil to speak and ask the questions. As Chairman sir has already indicated, that as far as possible, you keep your questions brief and you will have 3 minutes time and within that you should in fact try to ask your questions. And host can you please enable Yogesh Patil.

### **Host**

You are unmuted. Please go ahead.

### **Yogesh Patil**

Good morning everybody. And thank you very much for giving me the opportunity. And special thanks to Mr. G Prasanna for such a fantastic arrangement.

My questions to management is:

What is the market share and who are our major competitors? And can we have the industry wise break-up of sales?

And my second question is our profit growth is very subdued in the last ten years. Is there any specific reason or industry is like that and can you please comment on this and what could be growth diverse and what could change in future? And regarding the business visibility, do we have a order book concept like this we have this much of order book and what is the current order book, anticipated market size and any export opportunity coming from list again? Lot of global players are changing. Supply chain globally from China. Do you see any export opportunity directly or indirectly? And what is the percentage of sales coming from aluminium casting?

And how do you see over three to four years and how the recently Government announce the PLI scheme for auto components benefit to you in aluminium and ferrous casting. Thank you very much.

**Moderator**

Thank you Mr. Yogesh and we will move to the second speaker for today. Mr. Shirigopal Maheshwari. Host you are able to find Mr. Shirigopal Maheshwari in the list?

**Host**

I can see S P Maheshwari.

**Moderator**

Please unmute Mr. S P Maheshwari.

**Host**

Yes.

**S P Maheshwari**

Am I audible?

**Host**

Yes.

**S P Maheshwari**

Thank you. As required, my client id and DP id is 1203390000195139. I had already sent the list of questions; but I would just repeat it over her.

If you could help us understand the incremental order book for the past 2 years has been coming from Non-auto segments. The share of auto in the past was around 50%. Can you give the split of the order book today and how do you see this split in the next 3-5 years?

In terms of the nature of the business is that, it is capital goods sector. But, how you planning to de-risk this business from cyclicalilty? Can you please comment on the aftermarket opportunity over the next 5 years and also on the exports which my fellow shareholder has also asked in terms of where there was a focus couple years back in the previous Annual Reports to increase exports and use India as a destination for exports; but that has not really played out the way it was expected. So, can you please comment on that? Where do we stand today?

You mentioned about automation trend picking up. How you seeing signs over there? Or does actually Covid really negated the pace of order book growth as well as the automation trend which was going on?

Now, with a lot of capex seeing the considerable slowdown for some time in utilisation levels already low. Could you please comment on what would be the impact of this on this particular year on business?

With respect to the ownership of Norican group owned by a Private Equity does that have any implications on Disa India?

The Managing Director did mention something about the distribution business. Can you please a sort of give a more elaborate response in terms of how do you really see the benefits of the distribution? Four distributors which you have appointed and how this will benefit the company over the next few years?

No company takes tough decisions when the times of good. Clearly, we are not going through good times from an industry as a company perspective. So, are there any tough decisions which you are taking in terms of cost or any other matters which you may want to highlight to the shareholders?

Couple of things more.

One is on the aluminium based products. What is the opportunity size which you could see, I mean, what is the market size you could comment on that? Any notable order wins which we got?

And lastly, as per the MD's presentation, on the Norican digital solutions, could you give an example of how this really has worked and brought about efficiency and benefit to the client and how do you see the role out of this product in the next few years.

I thank the support team, specially the Company Secretary team for arranging this AGM and allowing me to come as a speaker. Thank you.

**Moderator**

Thank you, madam. And third speaker for today is Mr. Subodh Purohit. Host can you please unmute Mr. Subodh Purohit please?

**Host**

Yes, Subodh sir. You can go ahead.

**Mr. Suhodh Purohit**

Ok. Good afternoon. My name is Subodh. Am I audible?

**Moderator**

Yes sir.

**Mr. Suhodh Purohit**

Ok. My DP id is IN301151. The folio number is 20313895. Thank you for the opportunity and I jump into the questions.

If Management could share, of the total Manufactured goods revenues of 165 crores for the year, a breakup by way of:

Platforms meaning the contributions of Disa, Wheelabrator and Light Metal Casting group and Filters.

The Share of Ferrous vs Aluminium.

The percentage share of Auto in overall manufactured goods revenues.

Second one is, how is the shift within Indian foundries is shaping up from horizontal moulding to vertical moulding? The current market shares for both and how does this compare with global markets?

We had about 25 crores of exports in the last year. If could share a bit in terms of what they comprised of meaning Disa, Wheelabrator etc.

The fourth question is bit elaborate. I have sent in mail already. But, I just shorten that. If you look the period between December 13 to March 20, it is about 7 odd years, we had a cumulative free cash flow of some 67 crores to 68 crores. And of this, about 3 crores were distributed as Dividends cumulatively over a 7-year period including Dividend Distribution tax. That would imply about 90% plus retention ratio. Now, this retention ratio can be justified if you have a return on equity which would exceed our cost of equity. Cost of equity for a company like DISA a mid-sized light engineering company would be in the region of 16%. We are earning about 14%-15% on equity. So, retained earnings, whatever we have retained over the last 7 years are barely earning the keep. So, if you could throw some light in terms of what is justifying this kind of a retention ratio, would appreciate.

We are clearly going through very abnormal times. There is no issue in terms of that. But, if you look at the wage bill, our wage bill must count amongst the highest in the peer group Light and specialised engineering again. And every Rupee of wages is now supporting less than 0.70 Paise of profits. I remember about 7,8,9 years ago, this used to be about 2 Rupees of profits. So, what essentially it means is that wages have grown but profits have not.

And very last question. Would Management have any concept of what we call the Total Shareholder Return meaning dividend plus share price appreciation as a concept?

Thank you very much for this opportunity. And all the very best to you.

**Moderator**

Thank you, sir. The next speaker for today is Mr. G Nagabrahma. Host can you just unmute Mr. G Nagabrahma?

**Mr. G V Naga Brahma**

Good morning to all of you. Am I audible?

**Moderator**

Yes, sir.

**Mr. G V Naga Brahma**

Okay. My name is Naga Brahma. My DP Id no. is IN30307710747192. So, I had sent my questions my email. And few of those questions were already been asked. But there are few clarification needs to be; you know some more additional explanation needs to be asked in those questions.

One is the somebody asked about current order position. So, I just want to add to that is it is executable over a period of how many months?

Second is, how much of the orders could not be executed due to Covid 19 in March 2020? Has it been dispatched during the current year in Q1 or is it that we lost those orders? Clarification to that would be highly appreciated.

It is mentioned in the latest Annual Report that Company has proactively reviewed its capacity and cost, to realign to the lower demand and undertaken measures to bring down cost of input materials, employee cost and other discretionary expenses. Is it possible to share how much can be reduced in all these line items if our sales are let us say, I'm taking a hypothetical situation as is things are very bleak at the current time if our sales are down by say 20% during the current year? How much we can reduce in these line items.

Next question is; we had a very good Gross Margins during the last three quarters of the financial year FY20. Is it due to reduction in prices of raw materials which we have not passed on to the customers or for any other reasons.

Next question is; how many new machines/products have been launched in the market during the last 3 years and what is the % of sales contributed by these products in FY19 & FY20?

Next is; is it possible to share the % sales contributed by different sectors during both FY20 as well as FY19? Like:

Segment wise is: like Moulding equipment, Short Blast Solutions, Filters, Spares and Others.

Then is the Industrywise; I think somebody asked. Maybe it can be given in the segmentwise like Automobiles, Constructions, Pumps, Municipalities & others.

My next question is; In the AR, MD has mentioned about "Complete Foundry Solutions" which is enhanced by Norcan Digital. Just wanted to know, how many of our customers (% wise) have opted for this? What is the savings for the customers by

utilizing this facility and is the company charging any additional amount from them? That if you could share.

Regarding the distribution model which you have launched, the additional cost of having a distributor in the system is it only for the Replacement market? Is it possible to share how much of the sales is contributed by this segment in FY20 revenues? Is the margins are better in this? Any plans to add more number of distributors in the current year or may be next 2-3 years?

My next question is; what is the present capacity utilization as on Q1? How much sales will the current capacity can generate?

I think this question was asked. There was a proposal few years back to make India as a manufacturing hub. So, if you could just say how much we have done the sales in FY20 as well as 19?

And lastly, in our Company, the MNC promoters hold around 75% and another 10% is with the Mutual Fund investors who does not trade much. This results in the non-availability of shares in good numbers. Add to this company also had done the buyback of the shares I think last year or so which has aggravated the situation. Is there any plans to split the Face Value of the shares to improve the liquidity in the counter?

These are my questions. I just wanted to check with the host that in case after the MD answers all the questions, if by mistake, if he misses any questions of if we have any further clarification to be asked, is there any option to do so?

**Moderator**

Sir, we will let you know sir. We will just finish this Q&A session and I will now invite the next speaker for today and final speaker Mr. Aspi Bhesania. Host can you just unmute please?

**Host**

I think there is Mr. Anuj. So, Anuj please go ahead.

**Mr. Anuj Nandkishore Sharma**

Ya. Am I audible?

Hello am I audible?

**Moderator**

Yes sir.

**Mr. Anuj Nandkishore Sharma**

Thank you. As like others I have sent my questions in advance. But I would like to repeat them. Most of them have been asked by my fellow shareholders. But I like to repeat them.

What is the revenue break-up between complete foundry systems, surface preparation machines and environmental control systems; which is Filters?

Can you please give us a brief size of opportunity in each of these three segments and what is our market share?

What is the service & spares component in our sales? Do we cater to all the spares & services component of our all our installed equipments or there are some local spare parts manufacturers who eat into our demand?

What is the percentage of revenues which comes from products which have been introduced in the last 3 / 5 years?

Does the intensity of spares and service parts increase in the newer products / models?

Next is; what changes do you anticipate after appointing of these 4 new distributors? Some thoughts into the you know, the new distribution model.

Also, on exports as others asked. You know. What is the opportunity set? How are we trying you know; we didn't try to explore this opportunity is not planned as per our expectations? What is the new thought?

And lastly, what is the contribution of auto sales as of today?

Thank you so much. Thank you for the answers.

**Host**

Aspi Bhesania, please go ahead.

**Mr. Aspi Bhesania**

Chairman sir?

**Host**

Yes. We can.

**Mr. Aspi Bhesania**

Okay. Sir, today I'm attending the AGM from Bombay for the first time. Sir, we had a Q1 results today. Is it announced already?

Sir, income in Q4 was Rs. 19 crores as compared to Rs. 57 crores of last year. What was the reason for that? And how do the electronic vehicles affect DISA?

Dividend is Rs. 2.5. I appreciate the less dividend. But what you intend to do with cash of Rs. 112 crores on equity of Rs. 1.45 crores?

Sir, there were many intelligent questions. Is it possible to get a transcript of the AGM or the recording of the AGM?

This is one more meeting in Bombay and I would like to attend that now. I may not be able to be there for all the questions and answers.

Sir, thank you sir and all the best.

### **Moderator**

Thank you, sir. I think we have now done with the Q&A from registered shareholders. Speaker shareholders sir.

### **Mr. Sanjay Arte**

Okay. Thank you, the moderator. I will now continue with the proceedings. I will now request the management team essentially Lokesh, Managing Director and Amar, CFO to take these questions and address all the issues raised in a combined way.

Lokesh and Amar.

### **Mr. Lokesh Saxena**

Thank you for all the shareholders who have raised very pertinent questions. And we appreciate. The questions are revolving around revenues and the segments, after market share, new product introductions, the technology what we provide; the horizontal versus the vertical.

So, I would like to give some consolidated answers. Some of the questions which we received earlier as well. So, I'm going to read out some of the answers. And if there are some questions left out due to paucity of time, we can answer them at a later time on a one on one basis.

So, to answer on the contribution, the foundry contributes about more than 55% of the OEM business which include Wheelabrators and Filters. And the remaining 45% business are from other segments including the spare parts.

Filters business has gained momentum and we have developed this business quite well. ...not only in the Indian market, but also in the Middle East region where we sell. Especially the Steel sector we are seeing lot of traction for our filters business.

If I look at the OEM Revenue details, DISA, which is the moulding business contributes close to about 45% followed by Wheelabrator and filters at 15% each.

As we have already answered on the foundry segment contribution of more than 65%, the rest of the business is coming from the segments of Steel, Automotive, Construction and the Infrastructure business.

On the question on the aftermarket, 1/4th of our overall revenues come from the Spares and services business and to answer to one of the questions that yes there are local suppliers who are also eating up our share. What we are trying to do in the last few years is to create “**Value for Life**” approach and we have pitched in this approach to most of our customers to create the demand for the genuine spares in those customer segments.

On the question on new product introduction, we started to manufacture Disamatic machines for slightly lower capacity namely 150 and 250 moulds per hour where we have seen that its utility and the popularity in the Indian industry has gained quite a lot. If I just say and proudly say that we have deployed more than 20 such projects in the last few years in India. And not only India, these machines have gained popularity in the overseas market as well. And we have exported these machines to South American market also.

The technology split in the Indian market on vertical versus holding is close to about 50% each. But, the vertical business is gaining momentum because of the fact that it reduces the cost per casting ultimately.

On the question of exports, our total exports last year were about 11% of the total revenues and the DISA exports within this split of 11%, 8% came from the export of the moulding machines which is DISA and about 3% came from Wheelabrators and the filters.

Our focus apart from the India market has been to develop export solutions and our Disamatic C3 is a very very good example to give to our shareholders here. The exports have built up over the last 3 years. I would say that exports to Group in 2019-20 was close to about Rs. 115 Million, which is 3 times of the last year 2018-19 sales. So, there is a clear focus from the Company to create India as a manufacturing location and that is gaining momentum for the last few years.

On the aluminium side of the business, these machines are manufactured primarily in the European markets primarily in Italy and Germany and DISA India is trying to create a facility where we can do the spares business from the Indian company. Whereas, these machines are directly imported by the customers. It does not go through DISA India at this moment.

On the question on the order book, as you all know that we have always declared our current level of order backlog. So, as at end of 31-03-2020, our order backlog was close to Rs. 1,101 Million. And this is a mix of project business as well as the equipment business. So, if you take our project business, you know, execution time line could be anything between 7-8 months. Whereas, the Wheelabrator and the filters equipment could be anything between 3-4 months. So, we are well within the year to assume that we are able to execute the entire orders within this year. Of course, there was a shut down for the facilities due to the Covid-19 situation as you all know in the month of April. We had to close down the facility based on the Government

recommendations. And execution might get delayed about 1-1.5-2 months during this period.

On the question of on the segments of business, which has come new, we have a strong focus on the non-automotive segment and this also forms a part of our de-risking program. Last year more than 30% of our moulding projects were done for segments which were non-automotive. And we have ventured into segments like Steel, Pumps and Motors, Railways, Constructions, and Pipes Fittings and manhole covers. So, these were some of the new projects and the business is non-automotive business for us.

Some of the shareholders have asked about what's going to happen in future. I think it is very difficult to predict what happens. However, the automotive industry reports suggest that for Financial Year 21 we will see a negative impact on the Automotive production and if I look at the report, it says anything between 22% to 35% is going to be the reduction in the production of automotive industry. And as you all know that, we have a good intervention in the automotive, so we have to automatically follow the curve that has come from the industry. However, we are in close loop with our foundry customers as well as automotive customers to understand if there are any change which happens, any improvement happens, and we tweak our plans accordingly.

On the current utilization of the foundries, when we talk to our major customers in foundry segment, the current utilization is less than anything between 40% - 45% levels. And, these utilization levels also will follow the same curve as it is coming in the automotive and the infrastructure industries. We have remained very very active participant when it came to start-up of the operations after the Covid shutdown and we have done of interventions to help our customers to improve their cost in starting the inventory, the cost in starting the foundry and also trying to assess what could be done between the customers and us to improve the utilization levels and to impact some of the costs. And integrating digital aspects as a part of this solution.

As you all know that we were shut down between 23rd March to 4th May and this is the time where we were not able to do any of the shipments for our customers. However, the good point is that we have not received any cancellation request from any of our customers on any of the orders which have been manufactured. So, we continue to hope that we will be able to deliver the projects as it when came.

Some of the question from the shareholder was on what has the organization done and in fact we did primarily three important, you know, actions and actions were around to assess cost and to save cost. One of the action was on people rationalization which we did at the start of the year, I mean the quarter 4 of the financial year where we did rationalization of reduction of the workforce. And that impacted our wage bill ... one of the question was on the increase in the wage bill. But, that one of the action we have taken is in the Q4 is that. Apart from that, we have very very consciously taken decisions on to reduce our expenses on travels, marketing, repair and maintenance and the logistics. And these are inbuilt in our DNA to address. Apart from that, there were lot of actions which took place in the reduction of the material cost programs which we have been undertaken.

On the issue of gross margins, the Company's orders they are at fixed price contracts. And, we do a very strict control so as to see that we deliver the orders within the cost estimations and any benefit which we get out of the material cost reduction or any other activity remains within the organization. So, our gross margins are, I mean, the higher gross margin is a result of the activities which we have done as a part of our cost reduction initiatives.

There was a question on de-risking of the business and cyclicalities. I think business cyclicalities is a hard reality and as we all know that, we are living in it. However, our move to go into multiple segments of business is helping us to move over these tides. For example, pumps and motors business has not gone down as bad as automotive business. For the Railways, you know, procurement is not still gone down. And the business, we are venturing into like manhole covers business, which were not doing it earlier. So, these were some of the new initiatives and the new segments which we are trying to enter into and trying to gain momentum of a business in these segments to tide over the cyclicalities aspects.

Apart from that, as I mentioned earlier, our exports have also increased ... mainly to South America and the Asia region. And we are also looking at to export in the Middle East countries.

To the question on the impact of China, I think we are not seeing any direct impact as of now. All our business, on the situation which is developing around China.

On the issue of capacity availability, our capacity as I mentioned in the last AGM as well, our plants are able to service a revenue of close to about 300 crores and we have still not reached there. So, we have the capacity available in case there is a surge in the demand. All the infrastructure is available with us. We have achieved about 80% of that capacity so far. So, another 20% is still available to be available for the market. And I think if I count on based on my order book as of now, we have utilised close to about 75% in the balance part of the year from now.

Apart from that, we mentioned about, we mentioned talking about the complete foundry solutions and what is the integration of digital? I think we are in a very very initial phase of deployment of the digital solutions with major foundries in India. For the obvious reason, I would not like to disclose the name of the customers where we are doing as of now. On the savings on such solutions it varies from foundry to foundry. Because, it is a very very customised solution which we provide to each foundry. Overall what it does is to improve the efficiency, it improves the throughput of the plant, reduces unplanned downtimes and it reduces scrap in a big way. So, this is completely a new solution and it has worked out with a strong collaboration with the customer maintenance teams and is of course separately charged, because it is separately cost to us. But, lot of knowledge which goes into sharing of this platform with the customers and the customers who have initially asked for these kinds of solutions they are very happy with the initial results what they get.

On the question of distribution model, yes, we want to appoint new distributors. Definitely. We will go to every nook and corner of the country to see that our distributors are available so as to service the customers.

There was one question on the cash. And I think, I just like to, you know apprise our shareholders that this important for us to maintain an appropriate liquidity position for the company. And when the things get tough, it should be comfort to all including all our shareholders that the company can manage the liquidity and that is what we have done in the last few years without having to get into, you know going to market and take the money from there. So, that is our current position when it comes to holding the liquidity within the company.

There was one question on the Norican group. I think Norican group hold about 74.82% of the company shares in India.

I think, with this, I have tried to cover most of the questions. Amar, if you like to add in something?

**Mr. Amar Nath Mohanty**

I think that is well covered. Nothing from me unless there is any other question.

**Mr. Lokesh Saxena**

So, thank you very much for the Q&A. I have furnished my answers to most of the questions if I recall correctly.

**Mr. Sanjay Arte**

Thank you Lokesh and Amar. We will now continue with the proceedings. Just for the information, our two Directors who could not join at the beginning, Ms. Ulla Tonnesen and Mr. Andrew Matsuyama have been able to join during the part of this meeting. So, I just want to put that on record.

Let us move on now. This is regarding the voting now. Members who are yet to vote are now requested to cast their votes using the e-voting facility of CDSL. E-voting facility will be available for 30 more minutes from the conclusion of this AGM.

The results of the remote e-voting and e-voting during the AGM will be declared on receipt of the Scrutinizer's Report and placed on the Company's website and sent to the Stock Exchange.

So, that brings us to the conclusion of the formal proceedings of this meeting. On behalf of the Board of directors, I thank all of you for participating in the Meeting amidst the Covid-19 pandemic. I hope to meet all of you in person during the next AGM. I hereby declare the proceedings of this AGM as closed and wish all of you and your family to be safe.

Thank you.

**Mr. Amar Nath Mohanty**

Thank you, Chairman sir. Thank you, Directors. Thank you, shareholders.

**Moderator**

Shareholders who wish to vote now, can just click on the EVSN that is available on the same screen once you close this live streaming. On the screen, the EVSN will be available. You have to just click on that EVSN and there will be resolution for which you can vote 'yes' or 'no' against each resolution. Or if you wish to vote 'yes' for all resolutions or 'no' for all resolutions also, that option is available. You can please click 'yes' for all or 'no' for all or each resolution also you can choose to vote. Okay. Moment this live streaming gets over, can you just close this live streaming and click on EVSN to vote. Thank you very much.

**Host**

All right. Shall we conclude this meeting?

**Mr. Amar Nath Mohanty**

Yes. Thank you very much shareholders.