

Transcript of the proceedings of 38th Annual General Meeting of Sharda Motor Industries Limited held on Tuesday, 26th September 2023 through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM')

Nitin Vishnoi

I, Nitin Vishnoi, Executive Director and company secretary of the company on behalf of Sharda Motor Industries Limited welcome you all at the 30th annual general meeting of the company. Hope all of you are safe and healthy and wish you all to stay that way. This AGM is being held through the video conferencing in compliance with the circular issued by the regulators. The digital platform allows more shareholder from around the world to participate in the AGM, as per the record and the information made available to me, I confirm that the requisite quorum is present to conduct the meeting, and therefore, with the permission of the chair, I formally call this meeting in order. I would also like to inform you that the required statutory register, including the register of director and key managerial personnel and their shareholding, register of contact or arrangement in which the directors are interested, register of charge and other required documents are available for the inspection by the members the shareholder can electronically inspect the set documents during the AGM through their login portals. Before we commence the proceeding of this meeting, I would also like to introduce you with our directors and other dignitaries who have joined us through the through the video conferencing. So first of all, Mr. Kishan N. Parikh, who is the chairman of the board, Audit Committee and the risk management committee. then Shri Ajay Relan, who is the managing director of the company, has also joined us, Shri Udayan Banerjee, who is independent director and chairperson of the stakeholder relationship committee, and Shri Ashok Kumar Bhattacharya who is independent director, and also the chairman of nomination and remuneration committee. Then Shri Puru Agrawal, who is group CFO of the company and Shri Sandeep Dinodia is the senior partner of M/s SR Dinodia and company and Statutory Auditor of the company and Shri Vineet Kumar Chaudhary, who is the managing partner of VKC and Associates secretarial auditor of the company.

Vineet Kumar Chaudhary

Good afternoon. I confirm my presence.

Nitin Vishnoi

Thanks. Thanks, Mr. Chaudhary. This is further to inform you that Smt. Sharda Relan and Smt. Sarita Dhuper could not attend this 38th Annual General meeting today with us. I also inform you that Shri Vineet Kumar Chaudhary, and in his absence, Mr. Mohit Kumar Dikshit, Company Secretaries in practice, have been appointed as the scrutinizer to scrutinize the entire voting process of this 38th AGM in a fair and transparent manner. All the members and attendees who have joined this meeting are placed by default on mute to avoid any disturbance from the background noise and to ensure smooth and seamless conduct of the meeting. Now I request Shri Krishan N. Parikh, Chairperson of the board, to address the shareholder and other stakeholder present in this meeting. Over to Shri Kishan N. Parikh, chairman of the Company, please sir.

Krishan N. Parikh

Thank you, Mr. Vishnoi.

Dear shareholders, members of the board and other dignitaries. A very good afternoon to all of you. It gives me immense pleasure to extend a warm welcome to all of you at the 38th Annual General Meeting of Sharda Motor Industries Limited. Before sharing the operational performance and accomplishment of your company, let me extend my heartiest congratulations on behalf of Team SMIL to ISRO for successful soft landing of Chandrayaan 3 on the lunar South Pole. This is undoubtedly a proud moment for the nation. I am pleased to inform you that the Annual Report for financial year '23 has been circulated to the shareholders in permitted mode and also uploaded on the websites of stock exchanges and company's Website. I hope everybody had an opportunity to go through the same. With your kind permission, I am taking the Director's Report, auditors report and audited accounts for financial year '23 as read. Amidst post pandemic environment and global unrest among the nations, the size of India's auto component industry reached US dollars 69.7 billion, registering a growth of 33% with exports of US dollars 20.1 billion as of financial year ended March, 23 as reported by ACMA. The Indian automobile industry is expected to achieve a turnover of US, dollar 300 billion by 2026 by expanding at a CAGR of 15% from its current revenue of US dollar 74 billion. Recently, India hosted the G20 meeting, which, among other things, will provide an opportunity for the host country to bask in the spotlight and demonstrate its diplomatic clout. The Government of India, under the motto of Atmanirbhar Bharat, approved the production linked incentive PLI scheme for automobile and auto component sectors in India. Further under the government of India's automotive mission plan, 2006-26, end of life policy will be implemented for old vehicles. This shall further pave the way for Indian auto component industry. Now let me come to a year at a glance, following the uprise trends in Indian auto component industry, your company registered a healthy growth of approximate 20% in its total revenue of rupees 2,741.68 crores during the financial year, 23 as against 2,284.85 crores in the previous financial year'22. We also achieved a growth of 27.93% in profit before taxes and having a healthy cash surplus, and continued to be a debt free company. In light of company's performance, the Board of Directors recommended a final dividend of rupees 17.27 per share of the face value of rupees 2 each for financial year'23. Our performance demonstrates our capacity to adapt to difficult business environment and develop new growth prospects. Coming to ESG and climate action, we understand our responsibility to prioritize sustainability in all aspects of operations. We are publishing our first BRSR report for this financial year, our objective is to promote long term growth through ethics and transparency in all our activities while preserving natural resources and reducing our carbon footprint. At SMIL, we endeavour to educate our supply chain partners to awareness campaigns in vendor meets. In the physical year 22-23, 92% of our inputs were sourced sustainably. We have capabilities for recovering wasted water at our Southern Region plants, and are planning to implement the same at other locations as well. Our company complies with the prescribed permissible limits for air emissions, effluent quality and discharge, solid and hazardous waste generation and their disposal. We will continue to work in the best interest of all our stakeholders, while keeping in view the overall sustainable development of the society, at the same time remaining rooted in our principles of quality, innovation and continuous learning. The way forward, we are focused on growth prospects in the commercial vehicle, tractor and off highway markets, leveraging our intellectual property

and experience to expand our export market. We will continue to enhance product quality with a renewed focus on innovation and research, driving it towards a future of limitless possibilities. Our initiative towards community - through SMIL's philanthropic arm, the Sharda CSR Foundation, trust, we engage with marginalized and vulnerable segments of the society. The trust mission is to support a variety of initiatives and programs, including the ambulance service for public at large, health camps, blood donation drives, education promotion, stationary donations and infrastructure improvements for low-income government schools. Our commitment extends to supporting underprivileged individual, underprivileged individuals and fascinating vocational training, ensuring efficient execution for the greater benefit of society through the Sharda CSR Foundation Trust. On behalf of the board, I would like to share my uttermost gratitude to entire workforce of SMIL for their resilience and commitment which helped us sail through even in the challenging phase. Our Human Resource are our true treasure. The company continues to attract sorry, the top talent, due to its inclusive culture and the immense opportunities to nurture their talent. I would also like to extend my gratitude to all our customers, suppliers, shareholders, banks, financial institutions, the government and other stakeholders for their continued support, partnership and invaluable contribution in facilitating operations in India amidst difficult times. Together, we can advance a sustainable future for All. Thank you, everyone. Please stay safe and healthy.

Now, I request, Nitin Vishnoi to take the meeting further.

Nitin Vishnoi

Thank you very much, sir for your kind words. Now I will briefly tell about the voting procedure at the AGM. The company has provided the facility for the remote voting and E- voting during the AGM, the E-voting facility is being provided to all the members whose name appears in the register of members as on the cutoff date i.e., Tuesday, 19th September, 2023, to cast their votes electronically on all resolution through remote E-voting and at the AGM. As set forth in the notice convening this 38th AGM, the remote e-voting period Commenced from the 9 AM on Friday, 22nd September 2023 and ended on Monday, 25th September, 2023 at 5 PM. Those members who have not casted their vote during the remote E-voting period may now cast their vote electronically at the AGM through NSDL and CDSL, as per the procedure detail in the notice Calling this 38th AGM. The combined result of the remote e-voting and the voting at the AGM shall be declared within the stipulated time on the basis of the scrutinizers report, and shall be placed on the website of the company and CDSL, and shall also be submitted to the stock exchanges. Now I would like to quickly summarize the business as are stated in the notice of this 38th AGM, which are set which are also set out in the item number one to four of the notice Agenda items of 38th AGM for the voting are:

Item Number 1: to consider and adopt the audited standalone financial statement of the company for the financial year ended March 31 2023, and the report of direct board of directors and auditors there on and to consider and adopt the audited consolidated Financial Statement of the company for the financial year ended March 31 2023 and the auditors' report there on.

Item Number 2: to reappoint Shri Nitin Vishnoi, who retired by rotation and being eligible offers himself for the reappointment as the director of the company.

Item Number 3: to declare a final dividend for the financial year 2022-23.

Item Number 4: to ratify the remuneration to be paid to M/s Gurdeep Singh and Associates cost auditors of the company.

Now I request Shri Vineet Kumar Chaudhary scrutinizer for this 38th AGM to take on the proceedings and brief about the voting process at this AGM.

Vineet Kumar Chaudhary (14:48)

Thank you, Mr. Vishnoi and, the esteemed member of the board. A very good afternoon to all of you. The voting facility was made enabled through electronic voting. And at this AGM. I understand that the 15 minutes time would be given for the members who have not casted their vote electronically. So, anyone who has not casted their vote electronically which was made available before the AGM may cast their vote, and it will be compiled with the vote already exercised by them, and result would be submitted to the company as per the directions of the Hon'ble Chairman. So, thank you very much. I announce Mr. Vishnoi, you can take it forward, please. Thanks.

Nitin Vishnoi

Thank you, Mr. Vineet. Now with the permission of the chair, I now announce opening of the Q & A floor for the speaker member to enable them to ask their questions or express their view. Before we start, please take note of a few things for the smooth session. The session shall be facilitated by the moderator, since each member is allotted three minutes time to present their views or ask questions, I would request you to please keep your questions precise and to the point. If there is any connectivity issue from the speaker's end, the moderator shall unmute the next speaker. All the question will be answered at the end of the session. So, I will request the moderator to please unmute the first speaker shareholder, and his name is Gaurav Gupta. So, moderator, please unmute Mr. Gaurav Gupta.

Shareholder 1(Gaurav Gupta)

My first question is, the company has adequate cash surplus. Can you please share what is the plan for its deployment and second question is, when can we expect the benefits of PLI coming in the financials of the company?

Nitin Vishnoi

Okay Mr. Gupta, your questions has been noted, and I will ask to reply your questions in the end of the session. So now I will request the moderator to please unmute the second speaker member, and that is Kanika Jain.

Shareholder 2 (Ms. Kanika Jain)

Hello,

Nitin Vishnoi

Hello. Yes, ma'am, we can hear you, please.

Shareholder 2 (Ms. Kanika Jain)

Okay, Good afternoon, respected chairman, sir, board of directors and the shareholders present in this virtual meeting. Thank you, Chairman sir, for your excellent speech, wherein you have elaborated about the working and Future Planning and about the strategy of our company, that I have full faith in the management, as I am holding the shares for more than a decade, and still my equity capital is going up and up. Most of my queries have been covered in your speech, but I still have a few questions. Sir, as I know that company has a precious land bank in record. In this regard, please elaborately share the views and what is the plan for its utilization in near future. Second is that, as the company has a strong cash reserve as well as good performance and its growth, so can you please share that what is the capex expected for this current financial year'24 and how do you plan to reward the shareholders in this financial year'23. Thank you very much, sir, to the Company Secretary Nitin sir and his team, including Pradeep Ji, who provided a copy of annual report to me at my single request and allowing me to express my views and join in this meeting. Thank you, sir and all the best.

Nitin Vishnoi

Thank you. Ms. Jain, your questions has been noted, well noted, and will be answered. So now I will request the moderator to please unmute the third speaker Member, Mr. Sarbjeet Singh.

Shareholder 3 (Sarbjeet Singh)

Hello. Chairman, sir. Can you hear my voice?

Nitin Vishnoi

Yeah, we can. Please go ahead. Mr. Singh.

Shareholder 3 (Sarbjeet Singh)

Chairman Sir, First of all, good afternoon to you, all the board of directors, all the staff of Sharda motors limited and my fellow shareholders. Chairman, Sir jis tareeke se aapne apni opening remarks mein company ke baare mein bataya, Uske andar sir, saaf jhalakta hai, ki aane wale time mein shareholders ka Bright Future hai, sir. Aur Aap logon ki mehnat bhi darsha rhi hai ki jis tareeke se aapki promoter holding bhi around 73.20% hai. toh sir, promoter ka vishwas jahan pe itna hota hai na sir, government ke aadharit line pe, matlab hai ki promoter ka vishwas pooraa hai sir hamari company mein aur aane wala hamara future bright hai. Aur jis tareeke se maine abhi dekha sir, foreign investors ne bhi holding increase kari hai hamari company ki shareholding mein. unka bhi vishwas bhi ek growth la rha hai company mein. Ye sir ek bht achchhi baat hai ki ye aane wale time mein foreign investors and Mutual Funds jab kisi bhi company mein invest krte hain th us company ka future bht jyada bright hota hai . Banki Chairman sir, mera ek hi question hai sir, what is the revenue breakup of exhaust and other segments of Sharda Motor Industries Limited. Sir, ho sake to thoda sa is baare mein batayein. Banki Chairman sir, Aapki Secretarial Department aur Moderator ka dhanyawaad karna chahunga jinhone itne achchhe tareeke se, taaron ke jariye bhi hamein aapke samne bolne ka mauka diya. Banki Chairman Sir, thoda sa ye poochhna chaunga jis tareeke se abhi peechhe G20 ka sammelan hua sir, uske andar kai countries ke delegates hamari company mein aaye they Sir kya usse aane wale time

mein kuchh hamein bhi benefit milega. ya hamari bhi koi meeting hui. thoda sa iss bare mein batayein. thank you, Chairman Sir, thank you, secretarial department for giving me a chance to speak in your AGM.

Nitin Vishnoi

Thank you, Mr. Singh, your question has been noted, and certainly we will respond, response and reply to your satisfaction for your question. Thank you, Mr. Singh, for joining us. So now I will request the moderator to please unmute the fourth speaker shareholder, and that is Narendra Singh Chauhan.

Narender Singh Chauhan

Good afternoon, Chairman Sir, board of directors and my fellow shareholders. First of all, I would like to extend my thanks that you have given me permission to join this AGM via this portal. Sir, as you have mentioned in your speech that a dividend payout of Rupees 17.27/- has been granted to the to the shareholders, which is significantly higher than the previous payout. So now my question is, since as we, as we are seeing that this our stock share price has raised to four digits. So, what we can expect the dividend payout? Like, can we expect it going forward, given a strong cash reserve in the company? And now finally, I would like to extend my thanks to the secretarial department and Mr. Nitin Vishnoi and Pradeep Shrivastava for their kind support to let me join this meeting. Thank you all.

Nitin Vishnoi

Thank you, Mr. Singh. So, I think these were the four speakers for this meeting today, keeping in with the time limits. So, now I will request Mr. Puru Agarwal, who is group CFO of the company, to please answer the questions which are raised by our shareholders. So over to Mr. Puru now.

Puru Agarwal

Thank you so much. I will be taking up the questions one by one. The first question was on cash surplus and its deployment. We intend to utilize this cash for M and A opportunities. Within M & A space, we intend to go for our powertrain acoustic products, and we are currently working on it. We will keep you posted as and when any such opportunities arise.

The next question is on benefit of PLI. The PLI policy and guidelines have gone through many changes. We are working along with our internal team, as well as an external consultant to align with all the guidelines. It is still too early to say what the benefit of PLI will be. We are not considering any benefit as of now for PLI in our results. But of course, anything that would come up from PLI scheme would be additional to the bottom line.

The next question was on land bank and its utilization. We do have two pieces of land in NCR. The land prices have really gone up in the region, but we do not have an estimate of price right now of these land parcels, but certainly both these land parcels have potential for a very good upside to the shareholder value. We shall be glad to share with you as and when we have a firm plan about their deployment.

The next question is on capex expected in fy-24. We had a Capex of approximately 102 crores rupees in last financial year i.e., fy-23. For the current year, we have a plan for further capex of 45 to 50 crores, but if off-highway Market kicks in, and we call it a tooling kick-off. And if you receive it, then there can be additional capex of 30 to 35 crores.

The next question was on revenue breakup of Shada motor, if you look at the overall numbers for the FY 23 approximately 90% revenue comes from exhaust system, 6% from suspension, and the balance are from SCM services and other products.

The last question was on dividend, that what one can expect from going forward. The last dividend that we declared is the highest ever, and we will continue to return back additional surpluses to the shareholders by dividends and other options as they come. With that, I think I have taken up all the questions and responded to. Yet, if there is any other question, you are welcome to reach out to our secretarial department at the IR ID, we would be happy to get back to you. Thank you so much. Back to Mr. Nitin Vishnoi.

Nitin Vishnoi

Thank you Puru San, for your replying to the response given to the shareholders. But they have this the queries, and as you also extended and offered that with any of the other shareholders who are having any other of the queries, because due to the paucity of time, we can't take many speakers at a time. So, with any of the shareholders having any query, they can write us to on our investor relationship email ID, or can also directly reach out to the company, and that will be replied to your satisfaction. So, with this, I think the formal business of this AGM is now concluded, and now I request the Chairman to please give his closing remark for this 38th AGM. Chairman sir, please.

Kishan N. Parikh

Thank you, Mr. Vishnoi. Thank you very much, my dear shareholders and other stakeholders for attending this 38th AGM of the company. Now I declare this 38th AGM as concluded. Thank you everyone.

Nitin Vishnoi

Thank you. Thank you, sir. Thank you. Thank you everyone for joining us.

Vineet Kumar Chaudhary

They can cast their vote within 15 minutes.

Nitin Vishnoi

Okay? Noted, I think shareholders can vote up to next 15 minutes from now, thank you. Thank you all for joining us. Thank you so much.