

Transcript of the proceedings of 37th Annual General Meeting of Sharda Motor Industries Limited held on Tuesday, September 20, 2022 at 12:00 Noon (IST) through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM')

Nitin Vishnoi

Dear shareholders, a very good afternoon to all of you. I, Nitin Vishnoi, Executive Director and Company Secretary on behalf of the Shada motor Industries Limited, welcomes you all to this 37th annual general meeting of the company. Hope all of you are safe and in good while, and I wish you all to stay that way. In view of the ongoing pandemic, and pursuant to the circulars and notification issued by the Ministry of corporate affairs and SEBI, this 37th Annual General Meeting of the company is being conducted through the video conferencing facility, which does not require physical presence of the member at a common value. Therefore, I thank all the shareholders ladies and gentlemen who has joined us today through the Webex platform. As per the information and record provided to me and I can also see that the requisite quorum for this meeting has already been present. The required statutory registers, including the Register of directors, register of key managerial personnel, charges and other related documents are available for the inspection of the member at the website of the CDSL, the shareholders can view the said documents after login to the site. Before we commence the proceeding of this meeting, I would like to introduce you with the directors and other dignitaries who has already joined this meeting through the video conferencing facility. I would also request all the directors and other dignitaries to confirm their presence and the place from where they are joining this meeting. First of all, I request Shri Kishan N. Parikh, Chairman of the Board, Audit Committee and Risk Management Committee, to confirm his presence and the place from where he is attending this meeting.

Kishan N. Parikh

Good afternoon, everyone I am Kishan N. Parikh joining this 37th Annual General Meeting of the company from Jamshedpur. Thank you.

Nitin Vishnoi

Thank you, sir, for your introduction. Now I will request Shri Ajay Relan, Managing Director of the company, to place his to please confirm his presence and the place from where he is joining this meeting.

Ajay Relan

Good afternoon to all the shareholders, directors, everybody who has joined and joining this 37th Annual General Meeting of Sharda Motors from Bombay.

Nitin Vishnoi

Thank you, sir. Now I will request Shri Udyan Banerjee, independent director and Chairman of the stakeholder relationship committee of the company, to confirm his presence. Mr. Banerjee, can you please confirm your presence?

Udayan Banerjee

I am Udayan Banerjee. I am joining this meeting of 37th annual general meeting of your company from my residence, in Calcutta.

Nitin Vishnoi

Thank you, sir. Now I will request Shri Shrinivasan, CFO of the company to please confirm his presence.

N. Srinivasan

Yeah. Thank you. Good afternoon to all shareholders. This is Srinivasan, joining from Pune for this 37th annual general meeting. Thank you.

Nitin Vishnoi

Thank you. Srinivasan, now I will request Shri Vineet Chaudhary, who is the practicing company secretary and with the Scrutinizer for this meeting, to please confirm His presence.

Vineet Kumar Chaudhary

Good afternoon to the esteemed members of the board, KMPs and the shareholders. I'm Vineet Chaudhary and joining this 37th annual general meeting of the company.

Nitin Vishnoi

Thank you. Vineet San, now I would also like to inform you that Smt. Sharda Relan, Co-Chairperson, Professor Ashok Kumar Bhattacharya and Sarita Dhuper, Independent Directors are not present to at this 37th annual general meeting. Further to inform that Shri Vineet Kumar Chaudhary and in his absence, Shri Mohit Dixit, Company Secretary in practice, have been appointed as the scrutinizer to scrutinize the entire voting process of this 37th Annual General Meeting in a fair and transparent manner. All the members and the 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 this meeting. Now I will request Shri Kishan N. Parikh, Chairman of the company, to address the shareholders and other stakeholders present at this meeting. Over to Chairman, sir.

Kishan N. Parikh

Thank you. Mr. Vishnoi, my dear shareholders, members of the board, distinguished guest, ladies and gentlemen. A very good afternoon to each and every one of you. It gives me immense pleasure to extend a warm welcome to all of you at the 37th AGM of Sharda motor Industries Limited, which turns out to be the third consecutive one in the virtual mode, I was hopeful that the entire board would have had an opportunity to meet you in person, but we thought it is prudent to avoid a physical meeting, given the fact that the infection rate is still high in Delhi. The good news, of course, is that hospitalization rate and fatalities are negligible, thanks to the high vaccination rates, therefore, the central and state governments have been operating with minimal restrictions, and business are able to function normally. I further want to thank you for sparing your valuable time to join us and hope that each one of you and your family members

are in good health and safe. I earnestly hope that financial year '23 will be a healthy and productive year for all of us. Before moving forward, I would like to pay tribute to a senior board member, Late Shri Satinder K. Lamba who passed away on June 30 of this year at the age of 80. He was the independent director of your company since 2016 and made significant contributions to it. Being a professional he was actively involved in the board's decision making, and we can testify to his sincerity, abilities and knowledge. The annual report for the financial year ended 31st March 2022, along with the AGM notice, directors report and audited financial statements of the company, including auditors report there on for the year ended 31st March 2022, which does not contain any qualifications, observations, comments or adverse remarks on the financial transactions or matters, has already been circulated to You, and with your permission, we may take them as read. I am sure that the same has received your due attention. The past years have been relentless with global pandemic, supply chain shortages, military conflict and more, decades of experience have been squeezed into two dizzying years as business have had to cope with the unprecedented sequence of events with speed and agility. While these changes have had a serious impact on business and communities, they have also accelerated some important trends for the future, which is energy transition, irreversible move to green mobility. Number two, supply chain transition, a rebalancing of supply chains to become resilient. Digital transition, artificial intelligence and machine learning becoming mainstream and talent transition coming of age of the talent crowd, a diverse, inclusive, global talent pool that can be accessed remotely. The auto industry has shown a good recovery towards the later part of the Fiscal year, with all segments witnessing growth, we are committed to maintain the profitability of our business as the industry returns to competitive growth with inflation stabilizing. Despite the margins being impacted by supply chain issues and runaway commodity inflation, our business registered a healthy growth of 30% in its total revenue of rupees 2,284.85 crores during the financial year '22, as against rupees 1,757.99 crores in the previous financial year '21. We also achieved a growth of 76% in operational profits and generated a healthy cash surplus during the year. In the light of company's performance, the Board of Directors recommended the final dividend of Rupees 8.15 per share. That is 407.50% on face value of rupees, two per share for financial year '22. Our results are testimony of our ability to adapt to the challenging business environment and create new growth opportunities. We are well positioned to benefit from the from addressing the market with the introduction of TREM and CEV norms for the off-highway market, as these norms will require emission systems for most domestically produced tractors, Gen sets, Construction equipment and other off Highway Products. Also, by successfully implementing BS6 norms in the Indian market, we have developed intellectual know how and experience. We are leveraging these capabilities to address the global market, and we have started the business development cycle to develop export-products and expect good results in the coming years. The company is looking for innovating and exploring new opportunities to strengthen the market base with the newly entered joint venture for two and three wheeler under the EV segment for battery and PMS assembly, and also focusing on the growth opportunities in the commercial vehicle, tractor and off highway market for our existing business, 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, dear shareholders, the management acknowledges that the journey which has been covered so

far would not have been possible without the relentless efforts, commitment and energy of our employees, as well as the dedicated and sincere support of all our stakeholders. On behalf of the board, I wish to extend my sincere appreciation to the entire Sharda motor team who ensured that our company survived one of the most challenging years to date. I thank every member and employee of the company for the commitment, enthusiasm and relentless efforts, as well as to our business partners, associates, financial institutions and other stakeholders, for the continuous support and encouragement which we continue to count on as we forge ahead. Thank you everyone. Please stay safe and healthy, and hopefully this time next year, we'll be able to meet you in person. Now I request Nitin Vishnoi to take the meeting forward.

Nitin Vishnoi

Thank you very much, Sir for your kind words. Now I would like to brief you about the voting procedure. The company has provided the facility for the remote e-voting and E-voting during the AGM. That is remote e-voting, the E voting facility was provided to all the members whose name appear in the register of member as on the cut of date that was 13th September 2022, to cast their votes electronically on all resolutions, through remote e-voting and at the AGM, as set forth in the notice convening this 37th AGM. The remote e-voting period commenced from the 9:00 AM on Saturday, 17th September 2022 and ended on Monday, 19th September 2022 at 5:00 PM, and the member who have not casted their vote through the remote voting method, may now cast their vote electronically at the AGM, through the NSDL and the CDSL, as per the procedure detailed in the notice calling this 37th AGM. The 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 exchange. Now I would like to quickly summarize the business as stated in the notice of this 37th AGM, as set out in item number one to five of the notice.

The first item 1A is to consider and adopt the audited stand-alone financial statements of the company for the financial year ended 31st March 2022, and the report of the board of directors and auditors thereon.

Then 1b - to consider and adopt the audited consolidated financial statement of the company for the financial year ended 31st March 2022 and auditors report thereto.

Agenda Item number 2: to appoint Smt. Sharda Relan who retires by rotation and being eligible and offers herself for the reappointment as a director of the account.

Item number 3, to declare a final dividend for the financial year 21-22.

item number 4: to appoint M/s S. R. Dinodia and Co. LLP, Chartered Accountant as the Statutory Auditor of the company, and to fix their remuneration.

item number 5: to ratify the remuneration, to be paid to M/s Gurdeep Singh and associate, cost auditor of the company.

Now I will request Shri Vineet Kumar Chaudhary, scrutinizer to take on the proceedings and brief about the voting process which is to be done at the AGM. over to Vineet Chaudhary.

Vineet Kumar Chaudhary

Thank you, Mr. Vishnoi, E-voting process and instructions have been in detailed manner given in the notice itself in the E-voting column, through the general instructions. Now request the shareholder who have not casted their vote at the AGM to take the advantage of this time and cast their vote. The E-voting, as declared by the respected chairman, would be open till 15 minutes after the closure of the meeting. So, I would request shareholders who have not casted their vote through electronic platform, to kindly read the instructions given in the E-voting notice instructions kit and cast their vote. Thank you. It will be open till 15 minutes after the closure of the meeting, and will accordingly submit our report in accordance with the provisions of the Companies Act, read with the relevant regulations to the chairman or the persons who have been authorized by the Chairman. Thank you.

Nitin Vishnoi

Thank you, Vineet Chaudhary ji, for informing the shareholders about the voting procedure, which will be open for 15 minutes even after conclusion of this 37th AGM. Thank you. I would also bring it to the notice of the panellist that some of the shareholders have registered themselves as the speaker for the AGM have and have also requested to ask some questions from the panellist. So now, with the permission of the chair and may I request the moderator to unmute the speaker shareholder to speak one by one, to ask their question, which will be answered after taking all the questions, from all the speakers. If there is any connectivity issue from the speaker-shareholder's end, we will request the moderator to please unmute the next speaker-Shareholder to ask his question; and we would also request the speaker-shareholder to kindly limit his speech up to three minutes only, so that we can take up more questions from different speakers. So now I will request moderator to please unmute Mr. Rishabh Jain, whose DP ID and the client ID is already provided to you. Please unmute to Mr. Rishabh Jain.

Rishabh Jain (Shareholder1)

hello, can you hear me? Am I Audible?

Nitin Vishnoi

Yeah

Rishabh Jain (Shareholder1)

Good afternoon, Respected Chairman, Board of Directors, Company Secretary sir and all the fellow members who are joining this remote e-meeting. So first of all, I would like to congratulate the management and all the staff, including the technical staff, for providing excellent results even during the second wave of the COVID pandemic, wherein our profit after the taxes has been more than doubled as compared to the previous year, and without wasting any time, I would also like to say that the annual report given by the company is very, very nice, as it depicts everything through the modes of graphics, and it is a very user/ reader friendly approach, to display, to give the entire information about the company, I would like to thank the management for this. Now, my first question is that, since our company has a very strong cash position, are we looking for any inorganic opportunities in the near term, coming future? Please have a look

into this. My second question is that it is basically related to the electric vehicle business sales, that when is our company planning to enter this EV sector, and what are all the stages that it might include, and what is the topline that could be generated out of this sector. So, these are the two questions, primarily which I have from the company. I would again like to thank the company and the company secretary, the Secretarial department, who provided me the copy of the Annual Report in just a single request. And I would also like to thank everyone for giving me this opportunity so that I could connect with you easily through this platform and put forward my queries. So, thank you.

Nitin Vishnoi

Thank you, Mr. Jain. We have noted your questions, and we, I will request the panellist after taking the rest of the question from the rest of the speakers, and we will answer to your questions as well. Thank you, Mr. Jain for joining and for asking the questions. Thank you. Now I will request moderator to please unmute Mr. Kishan Lal Chadha/Chetan Chadha, that second speaker.

Nitin Vishnoi

Mr. Kishan, are you there? Moderator?

Moderator

Mr. Chadha has been unmuted. Mr. Chadha, please ask your queries.

Nitin Vishnoi

Mr. Chadha, can you hear me. I think he might be having some issues in his connection, or he may be on... Yeah.

Mr. Chetan Chadha (Shareholder2)

can you hear me, sir? Thank you, sir. Thank you to given me the opportunity.....

Nitin Vishnoi

Yeah. Please. Please ask your questions.

Mr. Chetan Chadha (Shareholder2)

..... Thank you sir. Thank you to given me the opportunity. I am really thankful to the management who given me the chance to speak with you. Sir hum every year apke sath Physical AGM mein bhi Juda ktre hain. mera naam Chetan Chadha hai. Aapne is madhyam se bhi sir judne ka mauka diya. iske liye main aapka bahut bahut dhanywaad krta hun. Mera Management Se do Chhote chhote questions hain. Please give me some color on our plan to grow sub component export and the capex need for the same. And the second question is, sir, what has been the progress on PLI? Aap Hamein bonus dein. Aur hamein isi tarah se growth dete rhein. isi Ummeed se main sabhi shareholders ki taraf se appka bht bht dhanyawaad krta hun ki aaplogon ne hamein apne se jurne ka mauka diya. Aur Annual report ki jo request maine aapse ki thi usko aapne timely provide karaya. aur shareholders ko bhi meeting se judne mein aapne kaafi madad ki. iske liye main aapka dhanyawaad krta hun. Thank you so much.

Nitin Vishnoi

Thank you, Mr. Chadha, we have noted your point and your questions, and we will reply adequately to you. Thank you, Mr. Chadha. Now I will request moderator to please unmute Mr. Manjit Singh.

Manjit Singh (Shareholder 3)

First of all, good afternoon to you, Chairman sir, all the board of directors and all the staff of Sharda Motors Industries Limited. Chairman Sir, my name is Manjit Singh, and my dpid Client ID is IN30020610907641, and I am joining this meeting from Delhi. Thank you, sir. I have only two to three questions which I want to ask to you. Chairman, sir, can you give us the breakup of the revenue between the exhaust and other segments we operate and my second question is, have you acquired customers in TREM 4 segments starting from October. what will be the impact on revenue in current FY? And my third question is, sir, what is the kind of CapEx required in this year and coming years? Chairman, sir. Humlog sir, aapke shareholder kaafi time se hain sir, jab se aap sir Physical AGM attend krte aayein hain sir. sari ki sari humne physical AGMs bhi aapki attend kri hain. uske under bhi aapka high standard of corporate governance tha, aur sir, yahan pe bhi high standard of corporate governance hai. ye sir aapke netrituv mein jo aapki secretarial department kaam kr rhe hain wo kaabil-e- tareef hai sir. baki sir, inhone hamein online mein jaise hi humne mail kri, th inhone hard copy bhi available kra di notice of AGM. hamein sabkuch sir time pe mila. Baki sir wo aapke secretarial department ka dhanyawaad krna chahunga jinhone hamein in taaron ke jariye bhi humein aapse frequently bolne ka mauka diya. hum yahi chaheinge ki aise hi aapka secretarial department kaam krta rhe aur is company ko din doguni, raat chaugini tarakki ke ssath aagey badhta rhe. Thank you, Chairman Sir.

Nitin Vishnoi

Thank you, Mr. Singh for asking the questions. And now will I request the panellist, Mr. Srinivasan, who is the CFO of the company, to please respond to the queries of the shareholders who have asked the questions.

N. Srinivasan

Yeah. Thank you, Nitin San. Let me take up the questions one by one. So I will first address the queries raised by Shri Rishabh Jain. So, his first question was, with respect to our cash position, what are the opportunities that we are planning for? So presently, we are looking for M & A opportunities. Our first preference is to utilize it for an M & A project, which is powertrain agnostic products, and we are also exploring other various options. As we get some success, we will keep everyone posted on this. The second question was related to the EV business, where Shri Rishabh Jain asked us about the plans on production, and what is the kind of top line growth. So I would like to appraise that on the EV side, you know, we have a JV with kinetic green, where we have already, you know, have our revised and advanced prototypes under manufacturing, and, we'll start testing them as soon as possible, on the vehicles as well as on the test benches. If the tests go well, we are quite optimistic to start the pilot production towards the end of this financial year. However, it would also depend on government testing and clarity of new safety requirements. So I hope that addresses your queries. Shri Rishabh Jain. I will

move on to the questions raised by Shri Krishna Lal Chadha. So the first question Shri Krishna raised was related to sub component export and the capex need for the same. So, here we have made some good progress in terms of business inquiries and right now we are quoting for multiple RFQs, and our teams are busy working on them. We will continue to update you as we move forward in the next couple of quarters and year's. In terms of the capex requirement, it is only incremental, because we are already incorporating some products into our backward integration. And next question from Shri Kishan was in terms of the progress on the PLI scheme. So here, I would like to add that, you know, we have already been granted approval under the auto component champion incentive scheme, and we expect to leverage the benefits in the coming years for all our eligible products. Very recently, government has released some guidelines on the next steps, and we are in the process of studying and executing the same. So I hope that addresses your queries, Shri Kishan, and I will now move forward to questions raised by Shri Manjeet Singh. I think the first question that he had raised was the breakup of revenue between exhaust and other segments. So if you look at the overall numbers for financial year '22, approximately 90% of revenue comes from the exhaust system business, and about 6% comes from the suspension, and the rest is very small, which is for SCM services and other products. The second question Shri Manjit had raised was in terms of the acquisition of customers in TREM4 segment, which is starting from October. So, yes, the TREM4 traction is very good, and it is scheduled to come into operation from October 2022, but of course, TREM4 is a very small market as of now for us, because only very few select tractors in the domestic market require the product. Given that the market is very small right now, it will only contribute something like 2 to 3% of our sales, as of now. However, you can note that the next legislation of TREM5, scheduled for financial year'24, will be a much bigger opportunity. So, that's an additional information on that. And I think, I hope, I addressed that question. The next one that he had asked was in terms of the capex. So, as I said, you know, Capex for us, it's only incremental. We already have our backward integration in place, and similar to past trends, we will continue to incur our CapEx. So, I hope I have addressed all the queries. Shri Manjit Singh, and I think that's it from my side. Nitin San.

Nitin Vishnoi

Thank you. Thank you very much Mr. Srin. You have. I believe you have answered all the questions asked by the speakers. So now I will request the chairman, sir, to please give his concluding remark for this meeting.

Kishan N. Parikh

Thank you, Nitin. Thank you very much, my dear shareholders and other stakeholders for attending this 37th Annual General Meeting of the company. Now I declare this 37th annual Meeting has concluded. Thank you.