



MUNJAL AUTO

INDUSTRIES LIMITED

TRANSCRIPT OF 36TH
ANNUAL GENERAL MEETING

DAY/DATE: TUESDAY, SEPTEMBER 14, 2021

TIME: 03:00 P.M.

Mr. Rakesh Johari: Good afternoon everybody. I am Rakesh Johari, Company Secretary of the Company joining this meeting from Registered Office at Vadodara. It gives me immense pleasure to welcome you all at the 36th Annual General Meeting of Munjal Auto Industries Limited.

We have with us, Shri Sudhir Kumar Munjal, Chairman & Managing Director of the Company. He is the Chairman of Risk Management Committee and Member of Audit Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility Committee.

I request CMD Sir to proceed.

Mr. Sudhir Kumar Munjal: Thank you Rakesh. Namaskar and a very good afternoon, dear shareholders, my fellow Board members, ladies and gentlemen. A very warm welcome to you all at the 36th Annual General Meeting of your Company. I pray that you all, your families and all your loved ones are keeping safe and staying healthy.

I am Sudhir Kumar Munjal, joining this meeting from Gurugram. As you are aware, this meeting is being held through video conferencing mode, as permitted by the Ministry of Corporate Affairs and SEBI. I thank you all for participating in this AGM through video conferencing.

It is my pleasure now to introduce the Board members and other officials present at the meeting to you.

Smt. Anju Munjal is Whole Time Director of the Company and a Member of Corporate Social Responsibility Committee.

Smt. Anju Munjal: I am Anju Munjal. I am joining this meeting from Gurugram. Thank you!

Mr. Sudhir Kumar Munjal: Shri Anuj Munjal is Whole Time Director of the Company. He is a Member of Stakeholder's Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee.

Mr. Anuj Munjal: I am Anuj Munjal. I am joining this meeting from Gurugram. Thank you!

Mr. Sudhir Kumar Munjal: Shri Vikram Shah is a Non-executive Independent Director of the Company. He is the Chairman of Audit Committee & Corporate Social Responsibility Committee and a Member of Nomination and Remuneration Committee.

Shri Vikram Shah: I am Vikram Shah. I am joining this meeting from Ahmedabad. Thank you!

Mr. Sudhir Kumar Munjal: Shri Naresh Kumar Chawla is a Non-executive Independent Director of the Company. He is the Chairman of Stakeholder's Relationship Committee and a Member of Audit Committee, Risk Management Committee & Corporate Social Responsibility Committee.

Shri Naresh Kumar Chawla: I am Naresh Kumar Chawla. I am joining this meeting from Vadodara. Thank you!

Mr. Sudhir Kumar Munjal: Shri Mahendra Sanghvi is a Non-executive Independent Director of the Company. He is the Chairman of Nomination and Remuneration Committee and a Member of Stakeholder's Relationship Committee.

Shri Mahendra Sanghvi: I am Mahendra Sanghvi. I am joining this meeting from Vadodara. Thank you!

Mr. Sudhir Kumar Munjal: Shri Ramkisan Devidayal is a Non-executive Independent Director of the Company. He is a Member of Audit Committee and Nomination and Remuneration Committee.

Shri Ramkisan Devidayal: I am Ramkisan Devidayal. I am joining this meeting from Vadodara. Thank you!

Mr. Sudhir Kumar Munjal: Shri Jal Ratanshaw Patel is a Non-executive Independent Director of the Company. He is a Member of Audit Committee and Nomination and Remuneration Committee.

Shri Jal Ratanshaw Patel: I am Jal Ratanshaw Patel. I am joining this meeting from Singapore. Thank you!

Mr. Sudhir Kumar Munjal: Shri Sudesh Kumar Duggal is a Non-executive Independent Director of the Company. He is a Member of Audit Committee and Stakeholder's Relationship Committee.

Shri Sudesh Kumar Duggal: I am Sudesh Kumar Duggal. I am joining this meeting from Vadodara. Thank you!

Mr. Sudhir Kumar Munjal: Ms. Avi Sabavala is a Non-executive Independent Director of the Company.

Ms. Avi Sabavala: I am Avi Sabavala. I am joining this meeting from Vadodara. Thank you!

Mr. Sudhir Kumar Munjal: I would also like to recognize the attendance of Mr. Brham Prakash Yadav, Chief Financial Officer joining this meeting from Corporate Office, Gurugram.

The representatives of the statutory auditors, Mr. Milin Mehta and Mr. Pritesh Amin, from M/s. K. C. Mehta & Co., Chartered Accountant and Secretarial Auditors, Mr. Devesh A. Pathak, from M/s. Devesh Pathak & Associates, Company Secretaries, Mr. Vinay Sehgal of Mukund & Rohit, Chartered Accountant and Mr. Sunil Vakil, Financial Consultant are present at this meeting and joining this meeting from Vadodara.

Rakesh, can you please confirm the quorum of this meeting?

Mr. Rakesh Johari: Yes Sir, Requisite Members including Authorized Representative is virtually present through video conferencing.

Mr. Sudhir Kumar Munjal: Thank you Rakesh.

Dear Members, as we have the requisite quorum present through video conferencing to conduct the proceedings of this meeting, I now call this meeting to order.

As the notice of the 36th Annual General Meeting is already with you, therefore, I take the same as read. I would like to inform the shareholders that there are no qualifications or reservations either in the Auditors Report or in the Secretarial Audit Report and accordingly, they need not be read.

The statutory registers are available at the CDSL E-voting platform for inspection electronically till the conclusion of this meeting.

Mr. Rakesh Johari: Now, I request Chairman Sir, to address us.

Mr. Sudhir Kumar Munjal: My namaskar once again, and I hope that all of you and your loved ones are keeping well and staying healthy!

It gives me great pleasure to greet you all at the 36th Annual General Meeting of Munjal Auto Industries Limited. It is the second year in a row that I miss the warmth of face-to-face interaction with you because of the Covid pandemic. I sincerely hope that our next annual general meeting will be in person where we can physically see each other.

We are in the midst of a humanitarian crisis. Its scale, severity and geographical spread are unseen in a century. It has filled the hearts of all Indians with enormous pain and grief.

Several of our employees and shareholders have borne the brunt of this pandemic. Within our Munjal Auto Family, the suffering of any member becomes suffering of all.

Today, I and my colleagues on the Board offer our heartfelt condolences to all those in our Munjal Auto Family who have lost their loved ones to this pandemic.

I now request that all of us observe a minute of silence in memory of the departed souls.

INDIAN ECONOMY AND BUSINESS ENVIRONMENT

The year 2020-21 brought unprecedented disruption to lives and livelihoods across the world, and India was no exception. The economy declined sharply during first half of the fiscal year as the country grappled with the pandemic, however, effective measures taken by the Government of India and the Reserve Bank of India (RBI) helped the Indian economy to recover. Rapid rollout of vaccines coupled with Government's efforts and financial aid to stimulate recovery helped improve consumer sentiments. Going by current assessment, the second wave's toll is mainly in terms of the hit to domestic demand. On the brighter side, several aspects of aggregate supply conditions; agriculture and contactless services are holding up, while industrial production and exports surged amid pandemic protocols.

In spite of these encouraging developments, the Covid-19 pandemic is far from over. The trajectory of the pandemic still remains unpredictable. India admittedly did better than most nations last year and fended against Covid-19 admirably, thus, reassuring even foreign investors. However, the recent 2021 chaos was unforeseen. The Government has sped up its vaccination drive and formulated healthcare plus financial strategies to ward off the impact that a third wave might cause. With these preparations already in place today, our long-term growth prospects remain robust.

INDIAN AUTOMOTIVE INDUSTRY

The automotive sector is an integral part of the Indian economy. Having faced disruptions and slowdown during the recent pandemic, automobile (auto) sales across segments in India – the world's fifth largest market – slipped to a 6-year low in FY 2020-21. Automotive sales and production are cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, as well as changes in interest rate levels, consumer confidence and fuel costs. A deep structural slowdown in the industry even before the pandemic was already at work before the Covid-19 catastrophe, which agitated the growth capacity, and pushed all vehicle segments back by many years.

With the above background I shall proceed to briefly cover the highlights of FY 2020-21 and the steps being taken by your Company to stay stronger.

YOUR COMPANY'S PERFORMANCE AND OUTLOOK

Your Company is committed to exceed customer expectations by consistently providing high quality products. Management is focused towards improving capacity utilization and value addition per employee.

During FY 2020-21, total income of the Company was Rs. 2,003 Crores as compared to Rs. 1,148 Crores in FY 2019-20, registering an increase of 74.48%.

Profit before tax and Profit after tax were Rs. 32.75 Crores and Rs. 21.03 Crores respectively during the current year as against Rs. 6.85 Crores and Rs. 4.94 Crores respectively in the previous year.

The increase in turnover of your company was mainly due to the increase in the cost of material, owing to the implementation of BS 6. Thus, while the sales in numbers has not changed much, the revenues have gone up.

There is a lot of talk of electric vehicles in the market. Your company is following the developments very closely and is looking at diversification opportunities.

It is with this intent that we had made an investment in Indutch, your subsidiary. Indutch is led by a team of adequately qualified technocrats having expertise in various composite technologies. Windmill Blade Manufacturing, blade Moulds and Tooling, blade internal components, wind Turbine Nacelle and spinner cover, and blade raw material kitting. The company is committed to achieve high growth in both top and bottom line.

Composites is an upcoming industry in the country. It has huge potential for value creation. It is a lighter and stronger material and will find many uses in times to come. Indutch is well positioned and well respected in this field. They have recently invested in a state of art plant, which is one of its kind in Asia.

I am sure in coming times it will give promising returns to your company.

During FY 2020-21, total income of the Company was Rs. 142 Crores as compared to Rs. 97 Crores in FY 2019-20, registering an increase of 46.39%.

Besides this we are looking at other diversification opportunities. We will keep you informed.

DIVIDEND RECOMMENDATION

In order to conserve the resources of the Company, and considering the prevailing economic situation & the need of resources for growth, the Board of Directors of your Company have decided not to recommend any dividend on the equity shares of the Company for the Financial Year ended March 31, 2021.

ACCOUNTS & AUDIT REPORT

Annual accounts with comprehensive appended notes and schedules, quantitative information and analysis duly accredited by Auditors Report are adequate. Nonetheless, if any member present here needs some further input or is desirous of seeking a clarification, we'll be glad to provide the same.

ACKNOWLEDGEMENT

I take this opportunity to express my gratitude to the Board Members and particularly distinguished Independent Directors for providing their counsel, support and encouragement. I also thank employees of your Company for contributing immensely. I would also like to thank and acknowledge the continued co-operation, trust and support of government of Gujarat, Uttarakhand, Haryana, Company's valued customers especially Hero MotoCorp Limited, suppliers, vendors, all employees, bankers and the shareholders of Company over the years. I am confident such enabling factors shall subsist to further help the Company navigate its course well in the new, opportunity-filled economic environment.

On behalf of the Board of Munjal Auto Industries Limited, I want to thank you for making it convenient to join us. Your trust and support over the last three decades have given us the confidence to push ourselves, past challenges and complexities, to deliver consistent value for you year after year.

Dhanyawaad!!

Mr. Sudhir Kumar Munjal: Now, I would now like to brief you about the resolutions which are required to be passed today. There are "Two Resolutions" in the notice to be approved by the members at this Annual General Meeting.

The first resolution is an Ordinary Resolution and is related to consideration and approval of the standalone and consolidated audited financial statements for the financial year ended March 31, 2021 together with Directors' and Auditors' Report thereon.

I, being interested in the upcoming resolution, request Mr. Vikram Shah to conduct the next business item.

Mr. Vikram Shah: The second resolution is an Ordinary Resolution for appointment of Shri Sudhir Kumar Munjal (DIN: 00084080), who is retiring by rotation and being eligible, has offered himself for re-appointment.

Mr. Sudhir Kumar Munjal: Now, I request the Company Secretary to share in brief, guidelines regarding e-voting and Q&A sessions.

Mr. Rakesh Johari: Thank you, Sir. Good afternoon to all the shareholders. As you all know that the Company has tied up with CDSL for providing electronic voting facility to the Members of the Company under Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2015 on all the resolutions set forth in the Notice. So, all those members who have not cast their votes electronically and who are attending this meeting will have the opportunity to cast their votes after the meeting.

Your Company has appointed M/s. Devesh Pathak & Associates, Practicing Company Secretaries, as the Scrutinizer for remote e-voting conducted from Saturday, September 11, 2021 to Monday, September 13, 2021. They are also appointed as the scrutinizer for this meeting and will submit the combined result report.

Keeping in mind constraint of time and connectivity issues, we had requested Shareholders to register as a speaker or sending queries in advance between Sunday, August 29, 2021 to Friday, September 3, 2021.

I request CMD Sir to proceed further.

Mr. Sudhir Kumar Munjal: Few members had asked queries in advance and have already been replied accordingly. Those who have any queries are welcome to get in touch with the CFO or Company Secretary and we will be glad to provide the information to you.

Now, I request Mr. Devesh A. Pathak of M/s. Devesh Pathak & Associates, Scrutinizers to give you instructions for e-voting at the meeting for all business set forth in the Notice.

Mr. Devesh A. Pathak: Thank you, Sir, Good afternoon, members of the MUNJAL AUTO INDUSTRIES LIMITED. I would like to share instructions relating to e-voting at the meeting.

1. Those who have already e-voted will not be entitled to vote.
2. Those who have logged in to attend the meeting are only entitled to e-vote.
3. E-voting is already open and would be allowed only up to 15 minutes after the meeting

Mr. Sudhir Kumar Munjal: With this the 36th Annual General Meeting comes to an end. I would like to thank my colleagues on the Board as well as invitees. I would also like to thank all the shareholders. I am grateful to you for your time and involvement. I further hereby authorize, Company Secretary to announce the voting results within forty-eight hours of the conclusion of Annual General Meeting and intimate to the BSE & NSE and declare the meeting as concluded.

Mr. Rakesh Johari: Thank you Sir, for chairing the meeting.