

## **FEDERAL-MOGUL GOETZE (INDIA) LIMITED**

**Transcript of the 69<sup>th</sup> Annual General Meeting (AGM) held on Thursday, 22<sup>nd</sup> August, 2024 at 11:00 A.M. (IST), through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”)**

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### **Dr. Khalid Iqbal Khan (Whole-time Director & Company Secretary)**

Dear Shareholders, Good morning. I am Khalid Iqbal Khan, Company Secretary and Whole-time Director of the Company. I am joining this meeting from the Gurugram Corporate Office. I would like to welcome you to this 69<sup>th</sup> Annual General Meeting of the Company being held through video conferencing in accordance with the provisions of the Companies Act, 2013 and the applicable circulars issued by the Ministry of Corporate Affairs and Securities Exchange Board of India (SEBI).

As mentioned in the notice, facility to participate at the meeting through video conferencing is made available to the members on first-come-first-serve basis except for large shareholders, promoters, institutional investors, directors, key-managerial personnel, the chairperson of the audit committee, nomination and remuneration committee, and stakeholders relationship committee as well as auditors who are allowed to attend the meeting without any restrictions on account of first come first serve basis.

The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, have been made available electronically for inspection by the members during the meeting. Members seeking to inspect such documents can send their requests to [investorgrievance@tenneco.com](mailto:investorgrievance@tenneco.com). Pursuant to the applicable Circulars of Ministry of Corporate Affairs, the facility to appoint a proxy to attend and cast vote for the members is not available for this meeting. However, bodies corporate are entitled to appoint authorized representatives to attend the meeting through Video Conferencing, other audio/ video means and participate and cast their votes through e-voting. The registered office of the Company situated at New Delhi shall be deemed as the venue for this meeting and proceedings of the meeting shall accordingly be deemed to be made there at.

The Company has received requests from few members to register themselves as speaker shareholders for today’s meeting. All those shareholders who have been provided specific links to log in to the meeting, shall be allowed to speak once the Chairman directs the same. We request speaker shareholders to limit their questions/comments to 3 minutes for the benefit of other shareholders. The Chairman would endeavor to respond to such queries at the end of the meeting. So we have requisite number of shareholders and the quorum is present and the meeting is duly constituted. So with this, I would now like to hand over the proceedings to the Chairman. Mr. Chairman, over to you.

### **Mr. K. N. Subramaniam (Chairman)**

Thank you, Dr. Khan and Good Morning to everybody who is joining this meeting through video conferencing. I am K.N Subramaniam, an Independent Director and the Chairman, joining the meeting from the corporate office in Gurgaon of the Company.

I welcome you all to the 69<sup>th</sup> Annual General Meeting of your Company being convened through video conferencing in compliance with the Companies Act, 2013, read with the applicable Circulars issued by the

Ministry of Corporate Affairs, Government of India and SEBI, which exempts physical attendance of the members to the meeting venue.

Notice convening this meeting and the Directors' Report had already been emailed to the shareholders, Sent. There are no adverse qualifications, observations or comments in the auditors' report. Hence, the same is not required to be read. A copy of the auditors' report is available for inspection by any member of the Company on the website of the Company. I welcome all other colleagues on the Board and request them to introduce themselves over to you Mr. Pillai. Mr. Pillai, please unmute, you are on mute.

**Mr. K.C.S Pillai (Independent Director)**

Can you hear me now? So, good morning, everyone. I am K.C. Sundareshan Pillai, an Independent Director and Chairman of the Audit Committee. I welcome you all for this AGM. Thank you.

**Ms. Nalini Jolly (Independent Director)**

Good morning, everybody. I am Nalini Jolly, an Independent Director and I am joining this meeting from New Delhi from my residence. Welcome you all.

**Mr. T Kannan (Managing Director)**

Good morning, everyone. I am Kannan, Managing Director of the Company. I welcome you all to this AGM.

**Mr. Manish Chadha (Chief Financial Officer & Finance Director)**

Good morning, everyone. I am Manish Chadha, CFO & Finance Director of the Company. I welcome you all for this AGM. Thank you.

**Mr. K. N. Subramaniam (Chairman)**

We also have Mr. Pramod Shukla, Partner, Deloitte Haskins & Sells, LLP Chartered Accountants, the Statutory Auditors of the Company and Ms. Deepika Gera, Secretarial Auditor of the Company. I would like to welcome them to the meeting.

**Ms. Deepika Gera, Secretarial Auditor**

Thank you, Sir.

Further, Mr. Rajesh Sinha, could not join this meeting due to his other commitments and I proceed now with the next point in the agenda. Thank you very much to all the members who are joining the meeting and I welcome you all once again to this 69<sup>th</sup> Annual General Meeting.

Your Company is a major supplier of quality automotive products, enabling fuel economy, reduced emissions and enhanced vehicle safety. The Company is focused on its sustainable profitable growth strategy, creating value and satisfaction for its customers, shareholders and employees.

## **Industry Trend**

The automotive industry is recognized as a vital and valuable pillar of the economy, and India's automotive sector is currently on a robust growth trajectory with strong interconnections across various key segments of the economy. The automotive industry has a significant multiplier effect, positioning it as a critical driver of economic growth. This industry is highly competitive, encompassing both organized and unorganized sectors. It remains notably fragmented, with numerous small and medium-sized enterprises, which has led to evolving business dynamics to address the intense competition. Success in this environment hinges on innovation, technological advancement, and cost efficiency.

However, the Indian auto component industry continues to face challenges in the financial year 2023-24, which has turned out to be a very good year. The industry achieved production of approx. 2.84 Cr vehicles, including Passenger Vehicles, Commercial Vehicles (CVs), Three-Wheelers, Two-Wheelers, and Quadricycles. This marks a 9.6 percent increase from 2.59 Cr vehicles produced in the previous financial year it is a robust growth and substantial increase. The growth momentum persisted throughout the year. The domestic sales of Passenger Vehicles rose by 8.4 percent in 2023-24 compared to the previous year. The domestic Commercial Vehicles segment saw a modest growth of 0.6 percent, with Medium & Heavy Commercial Vehicles (M&HCVs) increasing by 4 percent, while the Light Commercial Vehicle segment experienced a 1.5 percent decline.

The Two-Wheeler segment showed strong domestic sales growth at 13.3 percent, although export volumes decreased by 5.3 percent year-over-year. Within this segment, domestic sales of scooters and motorcycles grew by 12.5 and 14 percent, respectively, while moped sales increased by 9 percent compared to the previous year.

Looking ahead, the industry is increasingly focusing on vehicles powered by alternative fuels. Automotive companies are accelerating their efforts in developing cars powered by CNG, hybrids, batteries, and the emerging hydrogen fuel cells, reflecting the shift towards more sustainable and environment friendly mobility solutions.

## **Company's Operations**

I am pleased to share with you your Company's operations and let me take you through the highlights of our financial performance.

The Total income of the Company was approximately Rs. 1,712 crores as against Rs. 1,640 crores for the financial year ended 31<sup>st</sup> March 2023. During the year, the Company made a net profit after tax of approximately Rs. 125 crores as against the net profit after tax of Rs. 97 crores for the financial year ended 31<sup>st</sup> March 2023. There has been a robust growth both in sales and profitability.

## **Outlook and Business Prospects**

While the financial year 2023-24 began with optimism, the auto industry remains vigilant, closely monitoring geopolitical developments, interest rates, fuel prices, and inflation. Supply chain disruptions, particularly in parts, continue to pose challenges. The financial year 2024-25 is anticipated to see moderate, single-digit growth due to the high base effect from the previous year, ongoing inflationary pressures, routine price hikes, and regulatory changes and global challenges. This period of consolidation for the Indian auto industry, with expected overall single-digit growth, should be favorable for the Company. The Indian auto industry is positioned for growth, balancing optimism with challenges. Manufacturers are enhancing supply chains and expanding model offerings to meet the diverse demands of consumers. Economic growth, supportive government policies and an anticipated strong monsoon which we saw in last

2 months are expected to drive demand, particularly in rural areas and the commercial vehicle sector, which is closely tied to infrastructure projects and broader economic activity.

Several government reforms continue to bolster the auto sector, including the Production-Linked Incentive (PLI) scheme and the vehicle scrappage policy, aimed at reducing old and defective vehicles, lowering vehicular emissions, and improving road and vehicle safety. These interventions are expected to have a significant long-term impact. However, the sector faces challenges such as fluctuating raw material prices—particularly for steel, aluminum, copper, and precious metals, metals are increasing rapidly in last two months and rising fuel costs, which are likely to affect growth and the fuel mix in the automotive sector. Consequently, the coming year may be particularly challenging for the auto component industry.

The Company remains committed to revitalizing its operations as vehicle demand continues to grow with more requirements on the technology front. To stay competitive in this demanding environment, it is crucial to maintain high standards, anticipating both the explicit and implicit needs of customers and markets.

### **Awards & Recognitions**

I am pleased to share with you the number of Awards and Recognition the Company received during the year under review i.e. 2023-24 your Company received the following awards from customers:-

- “Quality Platinum Award” for consistently delivering Quality Piston Assemblies from Bajaj Auto Limited;
- For development & supply of piston ring and for overall performance for supplies received “Special Appreciation Award – Scorpion N” & “Annual Commodity Award” respectively from Mahindra & Mahindra;
- “Quality Award” for consistently delivering Quality Pistons & Pins from Toyota;
- Certificate of appreciation to achieve “Commendable quality performance” from Daimler India;
- “FIAT Best Supplier Quality Performance Award / Appreciation to achieve Zero PPM & Zero Warranty” for the 9<sup>th</sup> consecutive year from Fiat;
- “JCB Customer Appreciation Award” from JCB to achieve Zero PPM, Zero Warranty & 100 % Delivery;
- “Self-Certified Supplier Award” from Mitsubishi heavy industries; and
- “SHIP TO USE” status award for all parts from Force Motors.

The Notice is already circulated to all the members, I take the Notice convening the meeting as read by all.

Before we proceed further, I am pleased to bring to your notice that, as required under the Companies Act, 2013, the Company had provided you the facility to cast your vote electronically, on all resolutions set forth in the Notice. Members who have not already cast their vote electronically and who are participating in this meeting will have an opportunity to cast their votes through the e-voting system provided by NSDL. Members may please note that there will be no voting by show of hands. We will open the floor for any questions by members.

If any member desires to ask any question pertaining to any item in the Notice, he/she may do so now. Members are requested to keep their questions brief and specific. The moderator will facilitate the questions

on the video feature. Members may also note that the Company reserves the right to limit the number of members asking questions depending on the availability of time. Over to you Dr. Khalid.

**Dr. Khalid Iqbal Khan (Whole-time Director & Company Secretary)**

Dear Shareholders, let me again thank you for joining this meeting and for taking time to participate in today's meeting. Before we go live with the Q&A, here are some points to note for your convenience. Kindly turn on your video when you are projected on the broadcast screen, kindly unmute yourself, and proceed to ask the question. Please mention your name, Folio Number/DP ID/Client ID, and also the location from where you are joining. Each shareholder will have three minutes for their questions. Once you have asked your question, you can log off and continue to watch the proceedings. The Chairman will now be taking the questions from shareholders. Moderator.

**Ms. Garima Sharma (Moderator)**

So we have first question from Ms. Jaya Yadav. Ms. Yadav, you are requested to kindly unmute yourself and turn on the video to ask the question. Please proceed to ask your question, Ms. Jaya.

**Ms. Jaya Yadav (Speaker Shareholder #1)**

Good Morning everyone, My name is Jaya Yadav. So my question is Sir, the financials of the Company seem healthy still no dividend has been paid for this year, but Directors and Management team are being paid handsomely. Why are we not paying dividend despite profits?

**Mr. K. N. Subramaniam (Chairman)**

Yeah, should I answer the question now instead of making you wait for a long time, all the Directors, Management, Personnel and Professionals are being paid as per the industry standards and based on their qualification and experience, the dividend decision would depend on the future requirements of the Company. The Company's strategy is to use the available cash on the growth of planted opportunities due to changes in emission norms, renovation and modernization of plant and machinery, technological upgradation is required. OEMs need good financial backing, long term suppliers like us necessitating continued reduction of borrowings and hence lower priority on dividend as per our dividend distribution policy which is there available on the website of the Company.

We look at the following factors - future investments, technical upgradation required based on the customer needs, capital expenditure and working capital requirement. Apart from this, the external factors are also there I would like you to keep in mind cost of debt which has gone up substantially and OEMs are made to financially back long-term supplier which I have already explained to you for the new euro six norms further which is associated reduction in borrowings, technological requirements, changes in law, market scenario like recession good or depression. So all I would like to tell you is Company has been keeping in mind all these requirements and based on that the Management and the Company has decided on the issue of dividend. Thank you. Next question.

**Ms. Garima Sharma (Moderator)**

So we have next question from Mr. Aniesh Mahindru. Mr. Mahindra, kindly unmute your audio and turn on the video to ask the question. Please proceed to ask your question, Mr. Mahindru.

**Mr. Aniesh Mahindru (Speaker Shareholder #2)**

Hi, thank you for the opportunity. My name is Aniesh Mahindru, I am attending this meeting from Delhi and my DP ID is 12081600 so I have two questions for Mr. Chairperson Sir.

First, I request chairperson sir to provide an update on Open Tender Offer, Apollo transaction. Second, whether the Company is working on localization to reduce its import burden. Thank you, that is it from my side. Thank you.

**Mr. K. N. Subramaniam (Chairman)**

Thank you, Anish, for the question. As far as the Open Offer is concerned, it is pending with SEBI Securities Appellate Tribunal (SAT). The acquirer directly is working on the open offer. The next date of hearing by SAT is on 6<sup>th</sup> September, 2024. That is the latest available update. Thank you, and as regards to localization. Yes, we are very much focused and determined on localization. But as you know, these pistons and piston rings are precision products and you would have seen in the last two decades the cost of the quality of these products have gone up substantially due to two reasons.

One is the precision requirements in terms of not necessitating any opening of the engine subsequently. Second is the emission norms which is calling for upgradation and many of the components are high precision and the best-in-class products in terms of global standards for machining. I would like to tell you, whatever the localization possible we are doing. But some of the machinery required for producing these components, we continue to import because of lack of availability of such precision manufacturing equipment and we have to depend on our technology partners and also foreign suppliers. I hope this answers your question. Thank you.

**Ms. Garima Sharma (Moderator)**

So we have the next question from Mr. Pulak Bansal. Mr. Bansal, kindly unmute your audio and turn on the video to ask the question.

**Mr. Pulak Bansal (Speaker Shareholder #3)**

Hi, My name is Pullak Bansal and I am joining this meeting from Gurgaon. My DP ID is 1208160031771919 my question for you is, how important is the scrappage policy? Like, will it improve our financials? MHCVs are expected to be the biggest beneficiaries of the scrappage policy, so can you throw some color on this?

**Mr. K. N. Subramaniam (Chairman)**

Mr. Bansal, may I request you to repeat your question. I didn't get the first part of the question.

**Mr. Pullak Bansal (Speaker Shareholder #3)**

So, I was asking how important is this scrappage policy? Like will it improve our financials and MHCVs are expected to be the biggest beneficiaries of this policy. Can you throw some colors on this?

**Mr. K. N. Subramaniam (Chairman)**

Yeah, you're talking about a PLI policy. Which policy? Scrappage policy.

**Mr. Pulak Bansal (Speaker Shareholder #3)**

Scrappage policy.

**Mr. T Kannan (Managing Director)**

Chairman, the question is regarding the vehicle scrappage policy.

**Mr. K. N. Subramaniam (Chairman)**

Scrappage policy, I mislead, sorry for that and definitely this is practiced world over, considering two reasons. One is the ageing of the vehicles, which is many of which have passed their best and also polluting many emitting large amount of carbon dioxide and also other gases. So, because of which most of the governments world over have come with this scrappage policy, including India and because in India you would not have seen any scrappage vehicles over a period of many decades, we continue to see many vehicles driving even now across the country those were produced even 30, 40, 50 years ago. But scrappage policy will benefit in terms of mainly on emission front and also reducing the fuel bill. Third, is also modernizing industry. I am expecting this will benefit a lot and I am also hopeful with the Supreme Court directive on scrapping for ten years and fifteen years. Ten years for diesel vehicles and for gasoline vehicles for fifteen years in major cities like Delhi. This will also drive the customers to change and expect a lot of benefits to come to the automotive industry and in turn, since they will be modernizing the vehicles and bringing in new technologies correspondingly, the MSMEs who are also suppliers to these vehicle manufacturers will also benefit in terms of volumes more value-added products. This is what my broad expectation is like. You would have seen a lot is happening on the emission front throughout the world. Yeah, it answered your question, Pulak.

**Mr. Pulak Bansal (Speaker Shareholder #3)**

Yeah, it does.

**Mr. K. N. Subramaniam (Chairman)**

Thank you for joining the meeting. Yeah, can we move on to the next question please, Garima.

**Ms. Garima Sharma (Moderator)**

Yes, sure. So we have next question from Mr. Saket Kapoor. Mr. Kapoor, kindly unmute your audio and turn on the video to ask the question.

**Mr. Saket Kapoor (Speaker Shareholder #4)**

Namaskar. Am I audible, Sir?

**Mr. K. N. Subramaniam (Chairman)**

Yes, please go ahead.

**Mr. Saket Kapoor (Speaker Shareholder #4)**

Thank you firstly, for this opportunity providing me and I think so this medium has been a boon for investors to participate and I thank the secretarial department for facilitating the same in cordially manner. Sir, I have couple of questions, so kindly bear with me. Firstly, your opening statement that my line was interrupted. So, is there any provision to get the Chairman's speech so to go through it separately? If that could be done, then that would be very helpful. I missed some of the opening remarks by you about industry, which Mr. Subramaniam you mentioned. So, can that be uploaded at the exchanges or can on my request on a mail? I Think so. That document can be provided to me in order to have a better understanding of. Yeah.

**Dr. Khalid Iqbal Khan (Whole-time Director & Company Secretary)**

So, Saket Kapoor, this will be uploaded on the website as well as provided to the stock exchange. So you can just go through it.

**Mr. Saket Kapoor (Speaker Shareholder #4)**

Okay Sir, when we look at our cash flow, we find that for the last two financial years we have been making investment in the plant and machinery and property to the tune of closer to around 180 crores. So firstly, for March'23 it was 100 crores and this year it was 80 crores. So if you could give us some understanding what kind of investment are going into capacity augmentation. Earlier, also it was alluded that we are looking for some additional lines to be set up for a particular product. As we are reaching 90-95 % of utilization levels. So if you could give us some color. Firstly, on the last year capacity utilization levels and since our quarter one numbers are also now in the public domain. If you could give us some understanding, how have we begin this year? Mr. Subramanian and then I will continue with another two three questions and join the queue.

**Mr. K. N. Subramaniam (Chairman)**

Saket, can you complete all your questions, so that I can go through all at one?

**Mr. Saket Kapoor (Speaker Shareholder #4)**

I thought that it would be easier for you that was the reason. Again, whatever you prefer Sir. Secondly Sir, we have been hearing that there is a lot of inventory pileup in the passenger vehicles and the commercial vehicles segment also with lower offtake. So how will that affect our performance going ahead and how temporary or what is your understanding of the same, Sir, what kind of efficiencies are our Company having? Is our Company working on to improve our margins in terms of cost of material consumed and also on the other expenses line item to improve the efficiency and thereby improving the margin. And how is the Red Sea fiasco that is continuing affecting our affecting our sales, if any. If we have a presence in the export market. How is the container availability and the cost of insurance and other factors affecting our sales? And the most important question for investors is how well is our Company prepared? What steps are we taking to be a future ready organization in terms of the transition that is happening in the space where we operate? I am linking to the EV segment. So if you could throw some light on the same. And Sir, lastly, as one of the speakers spoke about the dividend part. I do believe that the Company should conserve the cash for future. Definitely that is true. But we are holding cash to the tune of 400 crore. If the management could just outline to us what are the five years capex target and how are they trying to use the current cash balance. And lastly sir, earlier also I have attended last four AGMs. I have been fortunate to participate earlier, Sir. Before this Apollo transaction, we investors were provided an opportunity under the able guidance of then our MD, Mr. Hans and the other team of Manish, Khalid, all present, on a quarterly basis to guide us on the and update us on the performance of the Company. I think so. Post this Apollo transaction, we took an opinion that that is not going to be the format going ahead. But sir, since you are conducting AGMs, you are doing board meetings, you are doing all statutory work. Then why not provide a business update to your investors on a quarterly or a half yearly basis? We find it difficult to assess only on the basis of numerical numbers. Even, I put forward this to all the independent directors present. Kindly give your opinion. Also if you people are also provided only with these numerical numbers to comment on the performance of the Company it does not work, Sir, and in a listed space, there needs to be bare minimum criteria or bare minimum requirement which I think so good people, good corporate governance practices should be done and you can take the veil of the SEBI requirement, that LODR requirement you are giving all disclosures. But any, investor can give or any director can give me an understanding from the revenue from operation number, how have we arrived to utilization levels, whatever the factors. So very simple



question, Sir. I have been repeating it for the last two, three years. But I am very unfortunate that they are not deliberating. I think that the board is not finding any merit. But again, Sir, we are pained minority investors. We have no other forum also, Sir, I am just taking a minute of your busy schedule. I'm making a brief point. This is the only forum, Mr. Subramaniam, where investors, minority shareholders can, raise their point. So, why are you making a painful exercise for us? That is what I request the independent directors also to take note of.

**Mr. K. N. Subramaniam (Chairman)**

That is all?

**Mr. Saket Kapoor (Speaker Shareholder #4)**

Yes, I hope you will answer me point by point. Thank you, Sir.

**Mr. K. N. Subramaniam (Chairman)**

Thank you, Saket. First of all, I appreciate your joining the meeting. You have mentioned you are in for the last four years. It is a good sign of active participation and I will try to cover the questions which you have raised. As I have noted, as far as the Chairman speech is concerned, Khalid has already conveyed to you it will be available in brief. 2023-24 was an excellent year, 2024-25 will be less optimistic compared to the previous year, but maybe still good single digit growth as far as the cash flow is concerned, which you are talking to about. Finally, the Company has been investing the money in plant and machinery upgradation also whatever modernization and also rapid automation to reduce the labor and associated costs and we need to have precision equipments and also automation to ensure that we are able to meet today's market demands and requirements. So, what we are doing is whatever the free cash flows are there. We are used mainly for global technology, better positioning in the marketplace in all business segments. If you are aware, you might have noticed as early as 2016 that your Company was the first Company to declare that we are euro six ready in automotive component, export exhibition when the transport minister and many other people visited, they were all surprised that there is a Company in India which is already ready and I want to share with you that as far as the capex is concerned, paying we are using for buying equipments, manufacturing pistons and piston rings, whatever the precision equipment is required by this technology, upgradation, repairs and maintenance, because the Company has also been in operation for the last 50 years. So, we have to continuously do make efforts to replace with most modern equipments with more automation on line. Further, automation has resulted in substantially lower headcount, lower notice and savings in direct labor costs. Apart from meeting the customers requirements on precision, we are also doing capex analyzing payback which may be from what we will get from the capital expenditure. You know, substantial investments have gone in the last five years on capex. You mentioned hundred plus in 2023-24 and also in the previous year substantial quantum has gone. So, I would like to tell you is we are wanting your Company to be technology ready to meet the customer demands and requirements. For example, when the electric vehicles are correspondingly, there is a hybrid vehicle which is promoted by Toyota and Maruti who have got the technology for the we are the suppliers to them, which are special components and special products, as well as the third question which you asked on inventory pileup lower uptake by the OEMs and also whatever the inventory which is there in the marketplace. Yes, it's a matter of concern. Definitely it will affect the optic at least in the quarter two. But I'm looking at it more with optimism because of the monsoon. Second, is also better economic growth at the higher end of the spectrum. If you look at the many indicators which are coming out of RBI, which is monitored very closely, you will find there is a lot more optimism on growth and also further volume increases and also my optimism comes from the factor that the OEMs are coming out with more and more active models. Also some of the state governments are coming out with attractive proposition.

For example, UP government has reduced the GST registration requirements for the hybrid vehicles, which is a very, very positive move. Hydro Diesel and Hybrid is very fuel efficient and also reduces the imports of oil and correspondingly reduces the consumption of diesel and petrol cost efficiency. So, to conclude, the question on inventory pileup, all I can tell you is we have certain that things will stabilize and will start improving. When I look at the investments the automotive industry is making, it is the driver of growth in any economy. If our highway infrastructure is improving. So transportation efficiency will be more and more highways will be used for transiting from one place to another through passenger cars and also you see the focus like Bajaj auto recently introduced a new two-wheeler based on CNG. So, all these are indicators. There is a lot of optimism, maybe temporarily lull, but the high frequency indicators as monitored by RBI clearly points to the better volumes expected during the festival season and I expect that year to go smoothly. It may not be as high growth as previous year based on the current indications. What kind of efficiencies of materials consumed, other expenses. Red Sea fiasco, something you asked in the question number d, which is the fourth question, cost of materials consumed. Definitely there is a concern metals are going up in terms of pricing in the current scenario because it is linked to many global indicators and global happenings and you would have seen last few months that has been showing the higher trend, which means there will be inflation. We will have to recover in terms of prices from the customers. So recovery may show some lag compared to actually what we are paying and I expect your Company is well positioned to tackle this issue. As far as the other expenses which you are talking about, definitely Company is razor sharp focused. As far as the expenses are concerned, you would have noticed every expense by trying to see how to reduce. We are continuously monitoring it and you will see one of the results of profitable growth has been due to continuous cost reduction. As far as the Red Sea fiasco, yes, it's a global problem and definitely we are also watching. You have noticed worldwide there is a concern what is going to happen in Middle east and whatever flare up which has taken place. And also there are two global events which have an implications on the country and in turn on the industry and in turn on your Company. One, is the conflict between the two major nations shared, Ukraine and second is the conflict with Israel, Hamas, Iran, which you would have read. It is more of a public knowledge. Yes, the Company is monitoring very closely. And yes, there has been up and down in the crude oil movement. So cost of shipments has gone up because you have to take a much more. All these are built in final landed cost and added to that rupee has been stable compared to many other currencies for the last few years. So I expect we'll be able to take on the challenges in terms of availability as far as the containers are concerned. Government is also concerned and focused manufacturing is going to take place in containers and I expect the situation release up shortly. As far as the dividend is concerned, I have already explained to one of the previous speakers, we have a dividend policy. We are following it up. And secondly, the demands of the automotive industry, particularly by the passenger car suppliers, commercial vehicle suppliers, two wheelers, have been substantial. It has been going up. It is not that Company is investing for the sake of investing, there is a capex committee. We do analysis of return-on-investment payback and only after that we are doing it and definitely the Company has noted what you have mentioned on this, Apollo transaction it is not it is with SEBI. SEBI has to come out with the final ruling and we are waiting for that. It is with SAT and the next meeting is planned on is scheduled for 6<sup>th</sup> of September and after which we will come to know. I am not in a position to comment further because of this. We have not been holding the quarterly investor or we thought what the Company was doing previously because we don't want to have any implications on by holding these meetings. That's why we are not keeping as far as the governance, corporate governance is concerned. The Company is very focused on governance standards and you would have noticed that Company tries to follow A to Z every regulation which the Company operates. Yes, I fully understand this is the only forum for the minority shareholders to express their views. That is why I'm more than happy to respond to you. But at the same time I want to give an equal opportunity to other shareholders. Probably you have covered most of the

questions which the shareholders will have. But please, be assured I'm available to respond to you. Anybody else in the board want to respond to any particular question, please feel free to respond.

**Ms. Garima Sharma (Moderator)**

Okay, so now moving on to the next question. So we have next question from Mr. Shreyansh Mehta. Mr. Mehta, kindly unmute your audio and turn on the video to ask the question. Mr. Mehta, please proceed.

**Mr. Shreyansh Mehta (Speaker Shareholder #5)**

Hi, Am I audible?

**Mr. K. N. Subramaniam (Chairman)**

Yeah, very much.

**Mr. Shreyansh Mehta (Speaker Shareholder #5)**

Okay, I have a few questions. Thank you for giving me this opportunity. The first question is, what are the capex plans for the next three to five years? And if you can also give a breakup of the plant capex for each of the manufacturing location. The second question is that since the Company continues to earn free cash flow every year. What is the plan for the cash on the books? And lastly, at times it is mentioned that the Bengaluru plant is having concerns from the Karnataka Pollution Board. Can you please comment on that? And also if there is a need to shift manufacturing from Bangalore to other plants, can it be shifted easily or is there some extra work involved for that?

**Mr. K. N. Subramaniam (Chairman)**

Thank you, Mr. Mehta and appreciate your participating in the meeting and the same for every shareholder who is participating in the meeting. Capex whatever we have spent is known to you. What is the capex plans for the next five years is sensitive information we are not in a position to share just now. All, I would like to mention to you is your Company is a global player in automotive space for powertrain which is piston, piston rings and also valve seats and guides. And we will do everything to meet the demands of the industry. You would have noticed substantial capital investments have gone in the last five years and every year the Company is putting more and more money for automation to get better precision and better productivity. Second, is also the robotization is also taking place. Some of these things are also demands from the customer to have a confidence on the quality of products which we are supplying. People want zero defect and Company continues to strive and move in that direction. As far as the free cash flows are concerned, whatever we have done with the free cash flow for the last few years, you notice one is the sharp focus on reduction in borrowings and you will notice hardly much of interest is there debt on the books of the Company and capital expenditure requirements for which close monitoring is done in terms of payback and everything possible is being done to make the Company stronger day-by-day and always unique and new demands keep coming. Like this year, you would have seen as I mentioned for the previous speaker, demand has been slightly less than previous year demand growth, but still it's a good year. But the current indications are there is some sluggishness but optimism is there because the number of new models which are coming out now. Next point regarding Bangalore KPCB which you pointed out we have met the requirements of Pollution Control Board and the last many years Company has undertaken tremendous amount of focus and did everything possible to meet the emission norms particularly in the terms of quality of water, which is coming out of the affluent treatment plants, one of the most modern treatment plants. I will probably tell you that as board member, director, chairman, I must compliment the management for

the amount of efforts they have done in terms of tackling the pollution Control board related issues from 2013 onwards. And it has been commented upon by the Karnataka Pollution Control Board also. Mr. Khalid. Khalid, if you want to add anything, please go ahead with that Khalid and Kannan anyone.

**Dr. Khalid Iqbal Khan (Whole-time Director & Company Secretary)**

Kannan, would you like to say something or can I.

**Mr. K. N. Subramaniam (Chairman)**

Yeah, you can go ahead.

**Dr. Khalid Iqbal Khan (Whole-time Director & Company Secretary)**

So thank you so much, Mr. Subramanian. So we have got 50 acres of land in Bengaluru and we had this contamination Hexavalent chromium contamination problem which we inherited from the former owners from whom we acquired this Company in 2006. So it was a huge issue. But we have been able to do the substantial remediation and we have achieved substantial remediation as on date, there is still some minor issue which is there, which will still take some more time because, you know, you don't have control on the water flows, right? So we have been continuously doing the remediation, on a daily basis. You know, we have huge setup in Bengaluru and we do the remediation of water on a daily basis and the quantity of water being remedied in Bengaluru is huge. So we are remedying it and making it portable and then putting it back into this system. So with regard to shifting of the Bengaluru plant, we do not have any plan as on date. So we cannot comment on that. So we have not heard anything from any government authority. Yeah, so I would not like to comment on that because we don't have any plans as on date.

**Mr. T Kannan (Managing Director)**

Yeah. What I can say is your Company is committed for the environmental uplift. Which means, like Khalid mentioned, though, it was a past mistake. But after taking over the Company as spent and spending and continue to spend to recover or restore the environment, especially the water body like he mentioned, is an undercurrent where we cannot have much control. But still a huge, let me say a substantial amount is being spent, I would say continuously and the state authorities are happy. I would say with the consent they consent to operate being given consistently to us. Which means we don't have any threat from the government itself for running the operation. Which means we don't have any plans to shift the manufacturing outside of Bangalore facility.

**Mr. K. N. Subramaniam (Chairman)**

Mr. Mehta, like to tell you one of the model treatment plants which the Company has installed to tackle the Hexavalent chromium going out of the premises. It has not only remedied the soil pertaining to the previous many, many, years the Company has been in operation from '78 if I recall correctly, in Bangalore and maybe because of the fluctuation something happened. But after the management has taken over Federal-Mogul has taken over in 2006. Outstanding efforts have been done and it has been commented upon and many visits have taken place from the visit guests who want to see the type of remediation the Company has done also treated quality of water is so good it is being discharged back to aquifers as well as to the nearby requirements for water. Thank you.

**Ms. Garima Sharma (Moderator)**

So now let's move on to the other question. So we have next question from Ms. Sana Iqbal. So Ms. Iqbal, kindly unmute your mic and turn on the video to ask the question.

**Ms. Sana Iqbal (Speaker Shareholder #6)**

Hi, good morning, everyone. Thank you for giving me this opportunity. So my question is, in the past few years, how much Company have invested in the capital expenditure and what are the procedures companies following for approving the same? Apart from this, what are the return expectations and payback period? Does the Company ensuring these parameters at last, from where the Company using the fund for capex, is it using the internal fund or it's completely depended on the debt financing? So these are my questions.

**Mr. K. N. Subramaniam (Chairman)**

Yeah, thank you Ms. Sana, appreciate your joining the meeting and coming up with queries. As far as the capital expenditure is concerned, the Company has been putting focus and as I can see, 2018-19, 111 crores, 19-20, 68 crores, plus 20-21, 61, 21-22, 60 crores, 22-23, 55, 23-24, 101.99 crores. So substantial amount has gone into capital expenditure. This is also in a way reflective of the modernization of India's automotive industry. You would have heard the development transport ministers talking about how they are very keen to meet the protocol of 2016 Paris agreement which various nations have reached. And also how do you reduce emissions? How do you ensure that energy is more having the natural resources rather than dependent on coal and oil? So because of this, substantial improvements have been done on the emission side, quality of the engines and performance and also the reduction in terms of fuel consumption and also improvements in emissions coming out of these vehicles. As far as the financing source is concerned, every bit of capital expenditure has come from the internal resources. Company has not looked outside in terms of borrowing for meeting the capital requirements. But with regard to how this is done, the Company has got a risk and capital expenditure committee which evaluates in regular detail. It meets twice in a year and also evaluates every proposal which comes to the Company's board in detail, is examined in terms of what type of risk profile is there and also what type of payback and also return on investment one can get. How much time it will take to implement this technology is a very detailed analysis is done before we proceed with the capital expenditure, payback and internal investment is the primary driver and it will continue to be so like any other professional Company. I hope I have answered your question on the capital issues. Over to you, Garima.

**Ms. Sana Iqbal (Speaker Shareholder #6)**

Thank you so much for clarifying my doubts. No more questions as of now.

**Ms. Garima Sharma (Moderator)**

Thank you, Ms. Sana. So we have next question from Mr. Praveen Kumar. Mr. Praveen Kumar, you can unmute your audio and turn on the video to ask the question.

**Mr. Praveen Kumar (Speaker Shareholder #7)**

Hello, I am audible, Sir.

**Mr. K. N. Subramaniam (Chairman)**

Yes, very much audible.

**Mr. Praveen Kumar (Speaker Shareholder #7)**

A very, very good afternoon to my respected Chairperson, well decorated, esteemed board of director, my fellow shareholder, myself, Praveen Kumar. Joining this meeting from New Delhi. I have few observations which I love to share with the entire house. But before that, in this financial year, this is our first interaction with the management, the entire management team, each and every employee of our Company. A happy, healthy and prosperous future, Sir. Hats off to you. Your leadership, Sir. Our Company is rewarded, regarded as one of the world's most ethical Company. So I am very, very proud, respected Chairperson. Your address to the shareholder is very, very in depth. You cover almost everything into it beautifully. And due respect to my earlier speaker, I don't want to repeat those questions again and again. But yes, I have the deepest respect and the Company for years and I'm very, very proud as a shareholder. Our Company always come out with a satisfactory performance year by year. We have world class factories. So I'm very, very proud to be such a part of such a legacy. Sir, I wholeheartedly support all the resolution you are doing and you put on table excellent CSR activities. I am very, very thankful to our respective CS, their entire team for bringing out high standard of corporate governance during the year. If you have any update that will be timely replied. You always have red-carpet welcome for a retail investor. That truly boosts our morale because it was always a red-carpet welcome from the Company for any update during the year. Sir, I just pray to God that he will bless you so that you will keep the momentum in the future also. And I'm very, very thankful for the entire management team to give me this opportunity to share my views and express my observation once again. Wish you all the luck and all the best for the future. Thank you, Sir. Thank you very much.

**Mr. K. N. Subramaniam (Chairman)**

Thank you, Praveen. Mr. Praveen Kumar. I am thankful for the compliments. Efforts will be continued to improve and make it one of the one among the best companies in the country for governance and other standards. Okay, thank you. We are focused on meeting every legal requirements, every obligations, which the government outlines for us and thank you for your support.

**Dr. Khalid Iqbal Khan (Whole-time Director & Company Secretary)**

Moderator, is there any other question?

**Ms. Garima Sharma (Moderator)**

So all the speaker shareholders have asked their questions. No more questions are there Over to you, Khalid sir.

**Dr. Khalid Iqbal Khan (Whole-time Director & Company Secretary)**

I thank all the shareholders for asking very relevant and pertinent questions. And thank you so much. I would hand over the proceedings to the Chairman.

**Mr. K. N. Subramaniam (Chairman)**

Yeah, thank you for all the shareholders who have actively participated and with questions which are thoughtful, provoking and also looking for details, I want to once again appreciate the participation of all the members. Members may note that voting on the NSDL platform will continue to be available for the next 15 minutes. Therefore, members who have not cast their vote yet are requested to do so. The board of

directors have appointed Advocate Abhishek Bansal as the scrutinizer to supervise the e voting process. Further, I hereby authorize Dr. Iqbal Khalid Khan. Sorry, Dr. Khalid Iqbal Khan, the Company Secretary, to declare the result of the voting and place the results on the website of the Company within 48 hours from the conclusion of this meeting. The resolutions as set forth in the Notice shall be deemed to be passed today, subject to the receipt of requisite number of votes. Before I conclude, I wish to place a record, sincere dedication and hard work of our talented employees and their continuous quest to improve in all facets of the Company's performance . Company's quest for continuous value creation would not be possible, but for the support we receive from all our customers, business associates, shareholders and members of the board. I am grateful to them for their continued support, confidence in the management and expect to receive their full support in augmenting our future plans. I would like to end by mentioning that determination task, action, solidarity will be our to accomplish this objective. We have all, but all that is needed is the requirement for the implementation. In the face of challenges we face, I'm sure the triumph will be ours. As all the items of the business as part of the AGM notice have been taken up, I now declare the proceedings of the meeting as closed. Thank you for joining us today for the meeting of the 69<sup>th</sup> AGM of the Company. I wish you all safe and healthy future. Thank you. Okay, yeah. Over to the moderator.

**Ms. Garima Sharma (Moderator)**

Yes Sir, you can conclude. So for next 15 minutes, voting will be on. Thank you.