

25th Annual General Meeting – Transcript - July 27, 2023

Moderator: Over to Chairman Sir.

Rahul Kirloskar: Good morning to all. The Company Secretary has informed me that the requisite quorum for the AGM is present and I call the meeting to be in order. On behalf of the Board, I welcome you all to the 25th Annual General Meeting of ISMT.

I would like to introduce the Board of Directors of the Company - I am Rahul Kirloskar – Chairman of the Board, Mr. R V Gumaste – Vice Chairman of the Board & Chairman - CSR Committee, Mr. Kanakraj Madhavan - Independent Director & Chairman - Stakeholders Relationship Committee, Dr. Shalini Sarin - Independent Director & Chairman – Nomination and Remuneration Committee, Mr. S Venkataramani - Independent Director & Chairman – Audit Committee and Mr. Nishikant Ektare – Managing Director. We also have with us-Mr. Suresh Patil – Chief Financial Officer; Mr. Chetan Nathani – Company Secretary; Mr. Nachiket Deo – Statutory Auditors; and Mr. Kuldeep Ruchandani – Scrutinizer.

I shall now brief the members on AGM Proceedings including e-voting.

Dear Shareholders,

The Ministry of Corporate Affairs & SEBI has allowed companies to hold AGM through video conferencing & has also dispensed with the requirement of sending physical copies of annual report for FY2022-23 to the shareholders. Accordingly, Annual Reports for FY2022-23 have been sent through electronic mode to all the shareholders whose e-mail ids are registered with the Company/ Depositories. Few instructions on the meeting:

- Members, who have not yet voted, can cast votes electronically during AGM which ends 15 minutes after conclusion of the AGM.
- All members have been kept on mute.
- Shareholders who have registered as Speakers will be un-muted once their name is called.
- Speed & working of audio-video mode for joining the meeting by members depends on internet capacity.

As the AGM is through Electronic means, no proxies are allowed. The Company has received representations from Bodies Corporate to attend the AGM. Details of which are available with the Scrutinizer. Statutory registers as required under Companies Act are made available on website of the Company for electronic inspection by the members.

I shall now deliver the Speech.

Dear Shareholders,

A very good morning to all of you.

On behalf of the Board, it gives me immense pleasure in extending a warm welcome to you all to the 25th Annual General Meeting of ISMT. Thank you for being present and I solicit your trust and support in the years ahead.

I will now take the opportunity to apprise the Investors on performance of the Company.

During the year under review, the Company achieved highest ever Net Sales (Standalone) of Rs. 2,534 Crore. EBIDTA (Standalone) stood at Rs. 241.60 Crore while Profit after Tax (Standalone) was Rs. 96.55 Crore.

With Net Worth turning positive, the Company has started participating in government tenders, and has witnessed increase in domestic tubes demand especially from Oil, Gas & Projects sectors resulting in higher sales volumes over the previous year.

Tube exports stood at Rs. 276 Crore. Increase in tube export to USA has helped surpass export volumes of the previous year.

With regard to the proposed Scheme of Merger of the Company with Kirloskar Ferrous Industries Limited, we are recently received the observation letters from BSE & NSE post which the Company shall now obtain the other requisite approvals i.e. from the shareholders, NCLT etc. We are sure that the Merger, once implemented, will create value for the stakeholders of the Company.

Members will be pleased to note that the business has already been turned around in the first financial year after acquiring control. We are hopeful of building on this success in the coming years as well.



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1st Quarter Results-June 30, 2023-

During the quarter ended June 30, 2023, revenue from operations stood at Rs. 652.92 Crore whereas profit after tax was Rs. 43.99 Crore.

On behalf of the Board, I express my gratitude to our shareholders for their continued support and co-operation. I also take this opportunity to express my sincere thanks to all the investors, customers, suppliers, bankers, Lenders and all employees of the Company for their continued support through these challenging times.

Thank You.

With permission of members, I take the AGM Notice as read. There is no comment in the Statutory Auditors Report for FY22-23, which is to be read at the AGM as required under Section 145 of the Companies Act, 2013, which have adverse effect on the functioning of the Company. I now commence to transact the business contained in the AGM Notice dt. June 22, 2023 & shall read out the proceedings relating to e-voting. I now commence to transact the business contained in the AGM Notice dt. June 22, 2023 & shall read out the proceedings relating to e-voting. As per Companies Act & SEBI LODR, the Company has provided 2 modes to shareholders for casting vote on resolution set-out in AGM Notice: Remote e-voting & electronic voting facility during the continuation of the live AGM i.e. E-voting.

The Remote e-voting facility was made available to all Members from Monday, July 24, 2023 (9.00 A.M.) to Wednesday, July 26, 2023 at (5.00 P.M.) & the same has now been closed. E-voting at AGM is being made available to enable members who have not cast votes thru remote e-voting to exercise voting rights. Since AGM is thru video conferencing & resolutions mentioned in AGM Notice already been put to vote thru remote e-voting, there will be no proposing & seconding of the resolutions. Members already voted through remote e-voting shall not be eligible to vote again. However, can participate in the AGM.

Upon Completion of e-voting, voting results will be declared based on scrutinizer's report & would be published on the Company's website & also will be uploaded on BSE & NSE websites.

Now I request shareholders registered as Speakers to ask questions. In view of the large number of speaker's participation today, I request each of the speakers to restrict their speech to 3 minutes.

Moderator: Thank you Chairman Sir. I now invite Mr. Hiranamad Kotwani. Mr. Kotwani please accept the prompt on your screen.

Hiranamad Kotwani: Good morning from Kotwani from Kalyan, It is a great pleasure to join Kirloskar Company, the Company has certainly done well but still a long way to go. How is this expansion & order position in future? How are you planning to improve the growth prosperity? Growth is visible but how profit will come from various segments, certainly dividend is our concern, we want dividend gentleman and other growth for this organization, strong financials, liquid assets should be created and all that we want betterment of this organization, Thank you. Please Narrate on future improvement in sale & growth & expansion. Thank you.

Moderator: I now invite Mr. Manojkumar Gupta. Mr. Gupta please accept the prompt on your screen.

Manojkumar Gupta: Good morning respected Chairman and Board of Directors. I am Manoj Gupta join this meeting from Kolkata, I strongly support all the resolutions & I wish you all the best. I am shareholder since IPO, I believe that Company will touch new heights under the new management & this is the 25th AGM so we expect that you will announce some reward to the investors & I thank the CS & his team & Moderator to help us join this meeting through VC & I wish all the best & best luck. We will meet you in the next AGM under new management of Kirloskar. Thank You.

Moderator: I now invite Mr. Rajendra Sheth. Mr. Sheth please accept the prompt on your screen.

Rajendra Sheth: Hello, Main Rajendra Sheth Thane se bol raha hu, bhaut khushi lag rahi hai Kirloskar group mein hum join hue, bas toh humare liye bhaut khushi ki baat hai aur secretarial department mein bhaut acha kaam kiya hai humko time pe puri details ke saath Balance sheet, Notice bheji toh unko bhi dhanyawaad deta hun, khali 2 Questions the, ek toh future expansion ke baarein mein bataiye aur dividend policy ke baarein mein bataiye bas baaki toh kuch khas mera enquiry nahi hai, baaki management ke upar mujhe pura bharosa hai, Resolutions mein pure support karta hun, bas ek hi shlok bol ke main apni speech ko viram deta hun, Yah devi sarv buthe shu shanty rupe namastasye, namastasye namastasye namastasye namo namaha! Bolne ka mauka diya uske liye Thank you.

Moderator: Our next speaker Mr. Shahi Jain. Mr. Jain please accept the prompt on your screen.



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Shashi Jain:

Namaste sir, Good morning Chairman, Board of Directors & My Co-fellow Shareholders, I Shashi Jain joining the AGM from Delhi, First of all Silver Jubilee AGM ke liye Board of Directors & Members ko bhaut dhanyawaad, Sir naya Board hai humein use kaafi ashayein hain, bhavishya mein share price bhi acha mile, humein ache returns mile aur Board se asha kartein hai ki pehle 10 saal se kisi prakar ka dividend nahi prapt hua aage humein kuch dividend bhi milega sir aur sir secretarial department ka bhaut dhanyawaad jinhone is portal ke madhyam se humein judne mein sayog diya sir aage ka kya Company ka project hai, next 2 years ke baarein mein aage aur kitni growth ayegi thoda uss baarein mein bhavishya k baarein me jaankari dijiye, aaj bhi Company ke bhavishya ke ache results ko dkhte hue, Company ka all time price high gaya hai, uske aage umeed karte hai management se ki aage bhi acha result denge jisse ki humein acha labh prapt hoga. Thank you sir. Thank you again for silver Jubilee year of the Company Sir.

Moderator:

I now invite Mr. Kejriwal. Mr. Kejriwal please accept the prompt on your screen.

Om Prakash Kejriwal:

Good morning Sirji & to everybody attending this AGM. Myself Om Kejriwal from Kolkata. Thank you for providing with the platform to speak before you, Thanks to secretarial department for helping me in registration as speaker shareholder. Sirji this is my 1st AGM only due to virtual though I am your old shareholder, It is just an opportunity for me to join AGM sitting in Kolkata, New technology ka kaamal hai sirji. If possible, please follow this virtual AGM in next year also so that more & more investors to join our AGM. Sirji wow what a performance sirji, mindblowing performance, iske liye aapko, aapke Board of Directors ko aur sabhi employees ko bhaut bhaut dhanyawaad bhaut bhaut congratulations, sirji after several years we came into net profit of Rs. 96 Crore with revenue of 2561 Crore, EPS of Rs. 2.21 on face value of Rs.5. Sirji aapka haath laga aur humare din aagye, ab ye bata dijiye, humlog dividend list mein kab aayege. Sirji you wrote that capacity utilization of Tube plants gone from 45% to 49, when will it go to 100% capacity utilization. Since there is a boom in pipe business you got this Company at very right time & very right price, bhaut badiya sirji iske liye aapko. Today all pipes Companies are running at their maximum capacity last month I was attending the AGM of Jindal Saw Ltd., their business is booming sirji their share price gone upto Rs. 370 from Rs. 80 in 1 year, all are booming like but Man Industries (India) Ltd. and Oil Country Tubular Ltd. are not doing well, sirji please try to takeover these companies isse aapka portfolio bhi acha hojayega aur in Companies ka bhi udhar hojayega inko aapka haath lagega toh Companies ka udhar hojayega sirji mujhe ye pura vishwas hai, toh please think over this. Iss takeover k baad aapke plant capacity utilization 100% hojayega, Please share your views sir. Sirji our company is merging into Kirloskar Ferrous Industries Ltd., upto which date this merger process will be completed, sirji apne June quarter ka result diya kafi acha result hai Revenue toh hai kareeb Rs.10 Crore badha hai Lekin Net profit kaafi badha hai, Laghbhag 38 Crore, Zyada hua hai March quarter k comparison mein, Lekin Revenue growth keval Rs. 10 Crore badha hai, iska kya karan hai revenue itna kaam badha hai lekin profit badh gaya. Iska matlab kya hua sirji ye thoda sa bataiye sirji. Sirji I have some physical shares in my name Jointly with my wife, I need to demat these shares, because R&T is Karvy, they are harassing us, small investors, every time they reject the documents by saying sign differs without tallying the signature with their records, you can ask any DP agent they will tell you the story of Karvy. So please remove this Karvy from our Company & save small investor's life. Sirji ek nivedan hai ek request hai factory visit k liye after completion of merger please invite us to see our factory because we are very old shareholder/Investor of your Company. At last Sirji please maintain your smile and be cheerful we will remain with you always as a long time Investor. Thank you sirji.

Moderator:

Now I invite Mr. Sunil Kothari. Mr. Kothari please accept the prompt on your screen.

Sunil Kothari:

Thank you very much sir it is a really commendable job done by our Chairman & Team, Mr. Gumaste & Mr. Ektare too good for in the short period of time. Sir my questions I have already sent you few days back, I am sure you will be replying in detail, so should I repeat or no need to repeat. **Chairman-** No, you can ask.

So what I was trying to understand from you is 1) What efforts are we taking to reduce % (percentage) Energy/Fuel cost & Employee cost to revenue & what is the target over the next 2 years because Kirloskar ferrous is well known for controlling cost, doing very high productivity & achieving best EBITA & Margin, so what type of objective we have with support of Mr. Gumaste & Mr. Ektare are doing the best job. 2) Being now net-worth positive & eligible for Tender business, what is the annual tonnage opportunity size for Tubes because we were not able to do tendering business, so what opportunity we see? 3) Tube capacity utilization is 49%. What utilization is achievable in the current & Next year? What size of capex are we planning for the Tube division over the next two years? Is Brownfield expansion possible if demand supports it? 4) How competitive are we & can we sell our Tubes at a premium due to better quality because our quality will be always better & best, at Kirloskar ferrous we are selling big iron & casting at reasonable well & premium pricing so if you can comment on this. Sir exports seem to be a very big opportunity, manufacturing in India is accepted world wide Kirloskar ferrous has grown & our image, our brand our trust have already been established. What opportunity are we foreseeing in International market and lastly is there any scope to substitute import, and I again want to congratulate Mr. Gumaste & Mr. Ektare for a wonderful job done in a very short period of time. Wish you good luck sir & Thank you very much



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- Moderator:** Now I invite Mr. Shivan Sarvaiya. Mr. Sarvaiya please accept the prompt on your screen.
- Shivan Sarvaiya:** Hello, am I audible, Thank you very much for this opportunity sir, I had a couple of questions one was regarding the note on page no.9 point no.9 it is about revamping your BHF-5, could you explain a little more in detail what this is, status of this project stage of completion by when to be completed, the capex that is required for this revamping & sir you have written one note stating that once completed this would have approximately 200 units/ tone of savings, so does this imply that our consumption which is 814 units/ tone reduced by 200 units/tone, sir that was my first question. Second question is on the OCTG segment sir we have seen tremendous traction there in domestic as well as export orders, sir what is the demand that we see in next 12-18 months, how are the order books filling up & from a product basket perspective in this segment how are we placed compared to competitors, any gaps we are trying to fill, if any. And sir within the OCTG segment in the exports which geography do we export to. Sir these are like my 2 questions and Thank you for the opportunity & congratulations to the whole team for such a spectacular turn around. Thank you.
- Moderator:** We have speaker shareholders who did not get the opportunity earlier, now that we have them on the list so I invite Mr. Ankur Chanda. Mr. Chanda please accept the prompt on your screen.
- Ankur Chanda** Good morning to all of you, welcome to the new team of ISMT. Sir I just want to say our corporate governance is too good toh dikaat toh koi hai nahi, kyunki kirloskar mein bhi hum dekh hi rahe hai aur jabse aap is Company mein aaye hai isko bhi 4 chand lag gaye hai qki hum toh chote investors hai, hum toh dekhte hai humari investment pe return kya mil rahe hai jo itne time se nahi mil rahi thi vo b 6 mahine-saal mein hi kya se kya hogya bas aise hi aap mehnat karte rahiye aur hume ache returns milte rahe baaki rahe secretarial department hai vo toh acha kaam kar hi rahe hai bas iske sath dhanyawaad aapka bhaut.
- Moderator:** Now, I invite Mr. Sarvjeet Singh. Mr. Singh please accept the prompt on your screen.
- Sarvjeet Singh:** Hello Chairman sir can you hear my voice, chairman sir first of all good morning to you, all the board of directors all the staff of ISMT and all my Co-fellow shareholder Chairman sir hum peechle saal bhi apke AGM mein judde the aur tabse lekar abtak sir aapne jo humein share price me return diya hai vo kabil e tareef hai baaki chairman sir jiss tareeke se aaplog mehnat kar rahe hai vo sir hume dikh raha hai, sir jo ab naayi management aayi hai hume lagta hai ki aane wale time me hume aura acha return milega baaki chairman sir yahi kehna chahunga aapke secretarial department ne jiss taareke se hume aapse joda iske aandar koi do raye nahi hai qki sir ye jo site hai uspe mushkil se shareholder bol pata hai so sir yahi kehna chahunga iss meeting k khatam hone k baad ek baar hi secretarial department me chetan ji se ek baar hi agar baat ho jaye sir vo hum puchna chahenge sir kuch unse. Thank you chairman sir for giving me a chance.
- Moderator:** We have Mr. Manjeet singh as our last speaker shareholder, Mr. Singh please accept the prompt.
- Manjeet Singh:** Am I audible, ISMT ki management team aur secretarial team sab hi ka main swagat krta hun ab isse main chahunga main ki Company itni purani hai aur taraki kare acha lagega hume, june quarter k result aapke bhaut ache aaye hai toh aane vale time me apke baaki k jo 3 quarter hai uski bhi hum umeed krte hai ki result ache aaynge. June quarter ke jo result hai usme share aur profit humare ache rahe hai iske mukable march quarter k aandar humare result bhaut halke aaye the bhaut ghatiya aaye tha uska kya karan raha tha thoda aap iss baren m agar btaynge toh acha rahega kya kaami reh gayi thi jo march quarter humari team jaisa cricket mein rahta hai ki badi jaldi out hogyi thi aur usme jo hai humare profit bhi ghatte the halaki turnover acha kia tha EPS bhi kaam aaya tha humara iss bare me kya karan rahe hai aur management iss baarein mein kya soch rahi hai ki baai iss tarake jo quarterly result hai vo naah aaye. Aapka merger bhi chal raha hai uske upar bhi aap acha kar rahe hai aur aane vale time mein agar ye ISMT ke saath ek Kirloskar ka b naam aage ya peeche judh jaaye toh humari company bhi achi traki karegi. Qk management group k aandar kirloskar hai hi hai toh agar naam mein bhi agar aaye toh uske investment bhi achi ayegi jo hai shareholder ko aakarshit karega ki ye bhi ek kirloskar group ki Company hai. Thank you to the secretarial team & Thank you to the management team jo aap humse juddh paye hai, hum aapse judh paaye hai bhaut acha raha. Ek baar gaadi chutne k baadh bhi aapne break laga kar mauka diya hai bolne ka iske liye bhaut bhaut dhanyawaad. Thank you to the management team of ISMT & Thank you to secretarial team of ISMT. Theek hai Chetan sir ki koi narazgi hai humare saath vo btaye hume ki kya narazgi hai Jo physical share hai humare vo kitne IEPF mein jaa rahe hai aur uss par hum kitna gaur kar rahe hai please uske baarein mein btaye.
- Moderator:** Thank you. As there are no more speakers, I request Chairman Sir to continue with the proceedings.



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Rahul Kirloskar:

Thank you. Firstly I would like to thank our shareholders for the appreciation that they have shown. We have put in a lot of hard work especially Mr. Gumaste, Mr. Ektare and the team at ISMT to make sure that the performance of the Company has improved. So there were certain questions regarding profitability, regarding growth, etc which I will try to answer at one go. Secondly, I also want to say that I also want to thank you for compliments given to our secretarial team and we also want to say that we are making our best efforts to make sure that there are as few complaints and the issues of shareholders are resolved in as quicker time possible that is our goal, we may not succeed 100% of times but I assure you that the Board looks at this very seriously and we try to ensure that everything is taken care of as soon as possible.

I will now come to the questions that were asked. Mr. Hiranad asked about growth, our focus right now is on profitability and cost reduction. So, for 2 years or so we are looking more at how do we ensure that we become more competitive and our cost drop dramatically. So, that is the goal and we will come to growth and expansion of capacity little later, we will not come to growth at this point of time where we are going to look at expanding capacity. In a period of time we will also put in place a dividend policy as soon as the Company is strong enough to be able to declare dividends.

Mr. Gupta thank you for your kind words I do remember you at our other AGMs, So thank you for attending our AGM. Mr. Manjeet Singh did ask about last quarter's results, we do have some legacy issues which I think everyone is aware of so we are trying to take care of them and therefore I think we are almost over with them so we will get over this very quickly. Mr. Sheth also asked about dividend and growth. One of the questions that was asked by a lot of people is that we are at 49% capacity utilization when do we reach 100%, I can assure you we can never reach 100% we will reach around 65-70% because no Company reaches 100% of its capacity in this business. Mr. Jain also thank you very much for your kind words. Mr. Kejriwal thank you for your kind words we will look at whatever you have said and see what can be done.

Mr. Shivan asked about OCTG, we go upto a certain range certain of our competitors make larger diameter tubes than we do. Our geography is mainly in the US currently we are trying to get ourselves re-register with all the companies in the Middle East. Thank you for your kind words Mr. Chanda and I think I have answered almost of the questions regarding profitability there are only Mr. Kothari's questions which are left. We are proposing with the proposed implementation of the solar and wind energy projects. The energy and fuel costs will come down to 11% in the next 2 years, as you are aware that it was at 18% earlier. Further, employee cost to revenue will also reduce in line with sales. With regards to the tender business the opportunity for supplying tubes is around 50,000 MT per annum. Plants capacity utilization in the current year may reach about 55% and we are targeting for the next year it will be 65%. The capex plan for the next two years is about Rs. 530 Crore including for Solar & energy projects. If demand supports brown-field expansion is possible. With regards to competition we have stiff competition and in view of which we can expect marginal premium on supply of quality tubes. Further, the scope of export of tubes is high and the opportunity exists mainly in north-America, middle-east, and south-east Asia and Africa. However, the export market is extremely competitive owing to dumping from China, Anti-Dumping Duties in North America and trade concession to favored nations.

With regard to the proposed merger with KFIL, the observation letters dated July 25, 2023 have been issued by both NSE & BSE post which other requisite approvals will be obtained i.e. from NCLT, Shareholders and Creditors, if required and this may take 6 months time from now on for the merger to happen.

So I finished with all the answers to the questions.

So queries if any raised by the shareholders during the AGM in the chat section will be suitably replied to by the Company. I request the Scrutinizer to submit the report to the Company in order to declare the voting results.

This concludes the business of the meeting and I thank all the members present for participating in this meeting.

Thank you.



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