

# Transcript of the 63<sup>rd</sup> Annual General Meeting of Foseco India Limited held on Thursday, 10<sup>th</sup> September 2020

**Company Secretary:** Dear Members of Foseco India Limited

Good Afternoon and Welcome to the 63<sup>rd</sup> AGM of the Company through Video Conferencing or Other Audio Visual facility.

For the smooth conduct of AGM proceedings, the Company had provided facility to the members who wished to receive information with respect to Company's Annual Report for the year 2019 or have questions with regard to the financial statements and the matters to be placed at the 63<sup>rd</sup> AGM, to send their request to [investor.grievance@vesuvius.com](mailto:investor.grievance@vesuvius.com). In addition to that, those members who wished to ask questions or express their views at the AGM were allowed to register themselves as a 'Speaker'. I am glad to inform you that we have received questions from some of the members and requests from some other members to register themselves as a Speaker. They will be provided an opportunity to speak.

I will call out the name of the Speaker one by one and the person from CDSL will unmute the Speaker's mike and open the video. The Speaker may, if he or she so desires, can show the video on his/her device. Each of the member is provided with a time limit of 3 minutes to speak.

In case any member has any questions to ask, he or she may post the questions on [investor.grievance@vesuvius.com](mailto:investor.grievance@vesuvius.com). The reply may be sent to the querist by e-mail at a later date.

Please note that the proceedings of the Annual General Meeting will be recorded and the transcript will be available on the Company website.

I now hand over the further proceeding of this meeting to Mr. Ravi Kirpalani, the Chairman of Foseco India Limited.

Over to you, Sir. Thank you. Bye.

**Chairman:** Good afternoon, ladies and gentlemen and very good morning to all of those who are joining us from the UK. I welcome you all to the sixty third annual general meeting of the company. This is my second AGM as the chairman. What is unique is that this is the first virtual AGM in the history of our company, and is in compliance with the directive issued by the Ministry of Corporate Affairs. A live streaming of this meeting is also being telecast on the CDSL platform. I missed the privilege and the pleasure of interacting with each one of you in person. However, this virtual AGM, in some ways is also progressive step since in this pandemic situation it allows members irrespective of where they're located to participate in this AGM. A lot of planning has gone into making this possible. I do hope you have a smooth and easy experience. The Companies Secretary has informed me that the members attending the AGM through the

video conferencing facility shall be counted for the purpose of quorum as per section 103 of the Companies act. The quorum required under the law is present and fulfill. Therefore, I declared this meeting as validly convened.

The Company has received 3 letters along with Board Resolutions from the promoter shareholders appointing the authorised representatives under Section 113 of the Companies Act 2013 in respect of 47,88,845 equity shares representing 74.98% of the total paid-up shares of the Company, to attend this meeting virtually. The authorised representatives have joined this meeting virtually from London, UK.

I'd like to start by introducing my fellow board members who are present through video conferencing and participating either from their home or their offices.

Starting with me, I am Ravi Kirpalani, Non-Executive Independent Director and Chairman of the Board and also a Member each of the Audit, the NRC and the CSR Committees. In addition, I am the Chairperson of the Stakeholders' Relationship Committee. I am participating from my home in Mumbai.

Next Mr. Ajit Shah, a non-executive, independent director on the board of our company and the chairperson, each of the audit, and the NRC committee and a member each of the SRC and the corporate social responsibility committee. Mr. Ajit Shah is a practicing chartered accountant by profession and a senior partner of M A Parikh and company, a firm of chartered accountants in Mumbai, is participating from his residence in Mumbai.

Ms. Anita Belani – This is Ms. Belani's 1<sup>st</sup> AGM, and I will take a minute to introduce her in more detail. Ms. Belani joined the Board on 21<sup>st</sup> June 2019. She has an M.B.A. from XLRI, Jamshedpur and B.A.(Hons) in Economics Degree from Miranda House, University of Delhi. Ms. Anita Belani is a seasoned professional with over 30 years of rich experience as a senior business and human capital leader. She specialises in assignments across sectors, leveraging her extensive human capital and consulting background to provide strategic leadership solutions to her clients. She has worked with companies like Watson Wyatt India, Sun Microsystems and KPMG in the USA and with other multinational companies. She is participating from her residence in Mumbai.

She is the Non-Executive Independent Director of the Board of the Company. She is the Chairperson of the CSR Committee and a member each of the Audit Committee, the NRC and the SRC.

Mr. Guy Franklin Young, Non-Executive Non-Independent Director on the Board of the Company and a nominee of the Holding Company – Fosco Overseas Limited. He is the Chief Financial Officer of the Vesuvius plc, the group company. He is a member of the Audit Committee. He is participating from his office in London.

Mr. Sanjay Mathur, Managing Director of the Company and VP of Foundry division for India and ASEAN countries. He has headed the Company as an MD since April 2007. He is a member of the CSR Committee. He is participating from his residence in Pune.

Ms. Karena Cancellori – Similarly, this is also the 1<sup>st</sup> AGM for Karena Cancellori. Ms. Karena Cancellori was appointed as a Director on the Board of the Company on 31 October 2019. She is a Non-Executive Non-Independent Director on the Board, having been appointed as a nominee of the Holding Company - Foseco Overseas Limited. Karena is an Italian citizen. She holds a Master's degree in Chemistry from University of Turin in Italy and a Master of Business Administration degree from the University of Strathclyde, Glasgow, United Kingdom.

Ms. Cancellori joined Vesuvius plc on 1 October 2019 as President, Foundry Technologies. She was previously VP Engineered Products for Beaulieu International Group, a global specialist in raw chemical materials and semi-finished engineered products for residential and commercial markets. Her experience spans across various international leadership roles. She has held management positions in companies such as Shell Chemicals, Kraton Corporation and FiberVisions.

She is a Member of the Board's Nomination and Remuneration Committee.

She is participating from her residence in London.

Neither Ms. Anita Belani nor Ms. Karena Cancellori are related to any of the existing Directors of the Company and none of them hold any shares in the Company. Detailed profile of both is contained in the Corporate Governance Report of the Company.

Also joining with us today is Mr. R Umesh, CFO of the Company, and

Mr. Mahendra Dutia, Controller of Accounts and Company Secretary & Compliance Officer.

I can see that the MD, the CFO and compliance officer have joined us from their office in Pune.

I would also like to formally acknowledge the participation of Mr. Amit Borkar, the partner of Price Waterhouse Chartered Accountants LLP (PwC), the Statutory Auditors, Mr. Anant Dhavale, the partner of Joshi Apte & Associates, the Cost Auditor, and Mr. Rajesh Karunakaran, the sole proprietor of Rajesh Karunakaran & Co., the Secretarial Auditor.

Electronic copy of all the documents referred in the AGM Notice and the Explanatory Statement thereto, is made available for inspection to members upon login at CDSL e-voting platform at [www.evotingindia.com](http://www.evotingindia.com) during the remote e-voting period and up to the conclusion of this AGM.

The Notice convening the 63<sup>rd</sup> Annual General Meeting, the Directors' Report and the Audited Annual Accounts for the year ended 31 December 2019 were sent by e-mail on 18<sup>th</sup> August 2020 to those members

whose e-mail IDs were registered with the Company/Depository Participant(s). The Annual Report and the AGM Notice are available on the Company's website: [www.fosecointia.com](http://www.fosecointia.com). Additionally, these can be accessed on the websites of the Stock Exchanges i.e. the BSE Limited and the National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The Annual Report is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) at [www.evotingindia.com](http://www.evotingindia.com).

The Auditor's Report on the Annual Accounts of the Company for the financial year ended 31 December 2019 does not contain any qualifications, observations or comments on financial transactions or matters, having an adverse effect on the functioning of the Company. Therefore, in terms of the provisions of Section 145 of the Companies Act, 2013, the Auditor's Report is not required to be read at the AGM, and hence, I take the Auditor's Report as read.

I like now to make some brief comments with regard to the performance of your company in this past year.

The annual report, and the audited statements, as I mentioned for the year ended the 31<sup>st</sup> December 2019 have been with you for some time now, and as we agreed a moment ago, we would take them as read.

This year, we have had to delay this meeting, which is normally held in April, due to the unprecedented situation facing the whole world. We had hoped that we would be able to have a meeting with physical presence of each one of you, however due to ongoing pandemic situation, the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI) has given special sanction for companies to hold this virtual online meeting. I apologise if this has caused any inconvenience to anyone of you, but your Board of Directors wanted to ensure your safety.

#### 2019 Performance

During the year 2019, the Company witnessed a drop-in sales revenue by 11%. Sales was weak in comparison to the year 2018 due to downturn in the automotive industry, which contributes to approximately 40% of the total sales. Despite this the Profit Before Tax remained almost at the same level and Profit After Tax was higher by 7.8% against 2018. This was achieved by undertaking a series of measures like better price management in a very competitive market, control over discretionary expenses, improved product and customer mix, focus on value-added projects, etc. In addition, the reduction in the income tax rates by the Government helped the Company to register a better profit after tax over 2019. The current year focus was on margin improvement and cash conversion. The Company stepped-up the collection drive in a bid to reduce its exposure in customers' accounts. It generated ₹ 4702 Lakh cash from its operations in 2019 as against ₹ 4710 Lakh in 2018 despite a strategic inventory built up.

We all know, that we are all facing one of the worst challenges to humankind in over a century. The rapid spread of the highly contagious Corona virus across most of the world has shaken up the health infrastructure and economic activity of even the most developed nations on earth. Covid-19 has affected livelihoods and driven many people below the poverty line. In our own country we are facing a challenge of epic proportions. Our insufficient health infrastructure, huge population, weak economic and industrial

environment, rapidly increasing infection, lack of a vaccine brought about challenges to governments, society and industry never experienced before. Social distancing norms, sanitization, PPE and several other factors have become the norm. Companies have had to change several of their standard operating procedures and shut offices and factories temporarily for several weeks and months.

In view of the rather grim situation facing the global and Indian economy, uncertainty with the impact and duration of the Covid-19, the Board of Directors reviewed and decided to withdraw, as a precaution, its recommendation for payment of the final dividend of ₹ 10/- per equity share (100%) for the financial year ended 31 December 2019, announced in January 2020. This necessitated addition of Note 37 to the financial statement of the Company for the year ended 31 December 2019 and the Statutory Auditors to amend their earlier report issued on 29 January 2020. An addendum to the Directors' Report of 29<sup>th</sup> January 2020 has also been made. There are no audit qualifications in the Company's financial statements for the year under review. The amended report of the Statutory Auditors and both the reports of the Board of Directors' forms part of the Annual Report of the Company.

#### 2020 Economic Scenario

The Indian economy after having slowed down to 3.1% growth y-on-y in the first quarter of 2020, has shrunk by around 23.9% in the April-June quarter. In addition, the Indo-China border standoff leading to tighter controls and restrictions of business between the entities of the two countries is also adversely affecting the supply chain of raw materials and components from China. Further, the gradual rise of the crude oil prices and the weakening of the rupee will keep the financial liquidity tight through this year. All these factors will continue to pose serious challenges to the industry and our own segment of Foundry Industry prospects of revival. After a weakening 2019, the year 2020 has dealt a severe blow to the industry performance. The amendment to MSME Act (Micro, Small and Medium Enterprises) will result in faster cash outflow to suppliers. The moratorium in the Insolvency & Bankruptcy Code (IBC) provisions and increase in threshold limit for initiating insolvency proceedings at the NCLT (National Company Law Tribunal) is likely to impact the efforts of the Company to realise its aged debts. We have mitigation plans in place to ensure the interest of the Company is not affected.

Despite the adverse conditions on several fronts, your company demonstrated resilience and courage to respond and adapt rapidly to these changing market conditions. The team has developed operating mechanisms to work effectively with all limitations and adapted to the virtual online interactions between its employees for managing the business effectively. We have amended contingency plans to include pandemic procedures, devised safe and complete plant shutdown and restart procedures, extended sanitation schedules and reviewed operating and management processes to revive and rebuild the business at the earliest whilst keeping our people and plants safe. Due to our rigorous efforts, we were amongst the first ones, to be allowed by the government authorities to restart operations in end of April 2020. The government authorities have inspected our plants repetitively and have been highly appreciative of the measures being taken by the management to keep our staff and operations safe. We also have been successful so far to limit the number of Covid-19 cases to only 5 in our operations.

Your company has been at the forefront of commercializing new technologies which help foundries reduce the use of plastic, produce castings that meet the cleanliness requirement of BS-VI vehicles and reducing their carbon footprint. The Company is also helping global original equipment manufacturers (OEMs) to source castings from India. Several webinars, training programmes, technical problem solving and solutions interventions were carried out by the team over online virtual platforms for the benefit of customers and employees. Due to our continued value creation activities, customers not only assigned a premium value to the company's products but also rewarded with increased share of their business to the Company.

During the half year ended 30 June 2020, your Company registered a revenue from operations of ₹ 9993.29 lakh and net profit after tax of ₹ 316.14 lakh, a drop of 41.4% and 82.8% respectively in comparison with the corresponding figures of the year 2019. This was due, primarily, on account of pandemic effect and complete closure of all operations between 23<sup>rd</sup> March and 28<sup>th</sup> April 2020 and partial closure in May and June 2020. The months of July and August have shown some revival in business activity and our sales.

Apart from several business development initiatives, your company also conducted various employee engagement and welfare programmes, 'Masti Time 2.0', MUSKAAN, Town Hall meetings, Daily/Bi-Weekly engagements, Coffee with Sanjay etc. Employee relations throughout the Company have been harmonious. Our CSR policy is focused on girl-child education, healthcare, social causes, environment and information technology and in the financial year ended 31 December 2019, the company spent ₹ 106.28 lakh on various projects. In the year 2020 we have focused and spent a major part of our CSR fund to support the communities, hospitals and police force to deal with the current pandemic situation by supplying medical kits including disposable face shields, sanitisers etc.

#### Board Matters:

I would now like to take up with you a few Board related matters.

I place before you the recommendation of the Board for the re-appointment of Guy Franklin Young (DIN: 08334721), as a Director who retires by rotation at this AGM and being eligible, offers himself for re-appointment.

Anita Belani's (DIN: 01532511) term as an Additional and a Non-executive Independent Director comes to an end at this AGM. She was recommended by the Board for appointment for a term of 5 consecutive years commencing on 21 June 2019 and ending on 20 June 2024.

Similarly, Karena Cancilleri (DIN: 08598568) was appointed as an Additional Director of the Company w.e.f. 31 October 2019, who holds office up to the date of this AGM. She is eligible for appointment and the Board recommends her appointment as a Non-Executive, Non-Independent Director of the Company.

A brief resume and other relevant details of the appointment or re-appointment of these Directors are provided in the AGM Notice as-well-as in the Corporate Governance Report which forms part of this Annual Report. The concerned Resolutions are carried in the Notice of the AGM.

Since the last AGM, Mr. Glenn Allan Cowie has ceded office of Directorship. He resigned from the employment of the Vesuvius plc group company and being a Director nominated by the group on the Board of your Company, he has tendered his resignation as a Director from the Board of your Company. The Board places on record its appreciation of the valuable contributions made by him during his tenure as a Director of the Company.

Further, the Shareholders are required to ratify the remuneration payable to Joshi Apte & Associates, the Cost Auditor, for the financial year ending on 31 December 2020. A fee of ₹ 4,00,000/-, exclusive of the GST, has been decided to be payable to the Cost Auditors, which is the same as the last year. A Resolution in this regard is carried in the AGM Notice for your consideration.

Members may recall that at the 58<sup>th</sup> AGM held on 27 March 2015, they had approved the payment of commission not exceeding one percent of the net profits computed in the manner laid down in Section 197 of the Companies Act 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) to the Independent Directors of the Company for the period of 5 years, commencing from 1 January 2015 and ending on 31 December 2019. It is proposed to continue with the payment of commission to the Independent Directors in terms of the provision of Section 197 of the Companies Act and the rules made thereunder, in such amounts or proportions, as may be determined by the Board of Directors from time to time, for the further period of 5 years, commencing from 1 January 2020 and ending on 31 December 2024. For that purpose, the Board recommends the Resolution set out in Item no. 7 of the Notice for the approval by the Members of the Company as a Special Resolution.

In terms of situation going forward, our views are that Foundries, being an integral part of the MSME sector, will benefit from the various government initiatives in this sector like Re-implementation of Public Procurement Policy, Pradhan Mantri MUDRA Yojana, Make in India, Startup India, and Skill India etc. We, therefore, expect some major Foundries to embark upon upgradation of their portfolios to higher value and quality castings. They may improve facilities and technologies to enhance their productivity and increase capacity in the post Covid-19 era.

Foseco, due to its technological capabilities, strength of its strategy and business model, world class manufacturing facilities, strong balance sheet and pre-eminent brand positioning is best positioned and geared to rebound fast and improve its market share. However, the emerging Covid-19 severity and its impact on overall economy and society, the currently volatile, uncertain, complex and ambiguous (VUCA) environment will be important factors on the rate of recovery.

In the end, I would like to place on record the sincere appreciation for the wholehearted support and contributions made by all the employees of the Company as well as customers, suppliers, bankers and other authorities. I would also like to thank all those who have joined this meeting through VC and wish they will provide similar support in future as well. I wish to thank all the stakeholders of the Company and the parent Company, for their continuous support, guidance and patronage. I also thank all the shareholders,

employees and Promoters of Foseco India Limited for their co-operation, good wishes and support for the Company.

Wishing all the very best for the year ahead. Please please do continue to take all precautions in these unprecedented times, and kindly wear your masks and maintain social distancing as advised by the health authorities always.

Please stay safe, stay healthy.

Thank you!

**Chairman:** In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Company has provided its members facility to exercise their right to vote on Resolutions proposed to be considered at this AGM by electronic means which includes “remote e-voting” i.e., from a place other than venue of the AGM, provided by Central Depository Services (India) Limited (CDSL).

The voting period began on Monday, 7 September 2020 at 0900 Hours (IST) and ended on Wednesday, 9 September 2020 at 1700 Hours (IST). During this period, Shareholders’ of the Company, who held shares either in physical form or in dematerialised form, as on the cut-off date being Thursday, 3 September 2020 were eligible to vote by electronic means.

Members may note that the facility of e-voting shall also be made available immediately after the conclusion of the Meeting. The e-voting facility will remain open for 15 minutes from the conclusion of the AGM. Only those Shareholders who were members as on the cut-off date i.e., Thursday, 3 September 2020 would be eligible to participate in the e-voting process. Members attending the Meeting who have not already cast their vote by remote e-voting facility shall be able to exercise their right. If any votes are cast by the member through the e-voting available during the AGM but the member does not participate in the meeting through VC/OAVM facility, then the votes cast by such member shall be considered invalid as the facility of e-voting during the meeting is available only to the member attending the meeting.

The Company has appointed Rajesh Karunakaran, Practicing Company Secretary (Membership No. FCS 7441, CP No. 6581), as the Scrutiniser, to scrutinise the e-voting process, in a fair and transparent manner.

The Scrutiniser shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. The Scrutiniser will submit his Report not later than 13 September 2020 by 1530 hours.



I hereby authorise Mahendra Dutia, Company Secretary to declare the results of the voting immediately on getting the report from the Scrutiniser. He will also ensure that the Report has been filed with the Stock Exchanges immediately thereafter. The Results will then be uploaded on the website of the Company [www.fosecointia.com](http://www.fosecointia.com) and on the website of CDSL.

Apart from that, the transcript of the meeting will be uploaded on the Company's website [www.fosecointia.com](http://www.fosecointia.com), as soon as it is available from the CDSL.

Now, as part of the agenda, the first item on the agenda for today is to consider adoption of the annual balance sheet of the company as of 31<sup>st</sup> December 2019, the statement of profit loss and cash flow statement for the financial year ended on that date including the explanatory note annexed to, or forming part of, the aforementioned documents, together with the Reports of the Board of Directors and the Auditor thereon.

Now, before we proceed, if there are any questions from the shareholders, I would now like to take them one by one, the query will be answered either by me or by any of the other directors on the board of the company. The floor is now open to the speakers to speak. The Company Secretary will take over and coordinate this and call out your names, one by one. I only have one request to make. Many of you who mailed questions with us have sent multiple questions. In the interest of time, I would request you to limit your questions to maybe just one or two so that we can conclude each members Q. A, in three minutes Thank you very much.

So the first speaker is Mr. Shashikant Gajanan Marathe. Mr. Marathe are you here? He's here. His name is in the list. Yeah. Please. Yeah, you can start. If you wish you could even start your own video.

**Mr. Shashikant Marathe** - Sir I have joined from my house. I welcome you as the chairman and wish all attendees a very good afternoon. I'm happy to see all of you are safe.

Your note for negative results as compared to 2018 is not convincing for following reasons:

Though the automobile industry lagged in some segments the tractor industry grew so also infra and agro-industries. We could have done better.

Since our notice was drafted after the BOD's decision to defer/ withdraw the final dividend for 2019, your inclusion about resolution in the notice is uncalled for and is not in tune with good corporate governance. It confuses if one goes by notice item on dividend.

The year saw a dent of Rs. 39+ crs in top line, but indeed it was heartening to note that PAT rose by Rs. 2.49 Crs. It is creditable that receivables are reduced, other income nearly doubled YOY. Our closing cash balance was more YOY. You did pay SME's in time.

We are a drag on the foreign exchange balance , it is negative for 2019 - as our imports were more than what we export. Your note on increasing thrust on exports is a positive sign. let us set a target for at least 40% of turnover from exports.

We are a debt free Company and can spend more on R&D and export promotion. Surprising that no investment during last five years. Majority of other income comprises of interest on bank deposits- which are taxable. Re-look at our strategy on investment of surplus cash think of monthly/ quarterly dividend pay-out schemes of MF and also tax free bonds.

And I mentioned on employee health has been covered by you. Very nice. I pray that the employees who are under recovery, should have recovery.

Wish you will reduce scrap and deteriorated raw material sales and yet show improvement in other income by having a thrust on servicing income.

You are having a cutting edge or the market, and you shall always survive cluster and it will not have this as it is. There are hopes for revival of auto/ agriculture-machinery sectors in view of relaxation of lock down good monsoon and PM's thrust on Atmanirbhar Bharat.

Yeah, also, I wish you better. Go ahead. And thank you very much for giving me a chance. Good afternoon.

**Chairman:** Mr. Marathe, firstly, on behalf of the entire board, I thank you for your very good words. And good wishes. Thank you. They mean a lot to us. You made many suggestions and we've taken note of them and I'm sure the management team will take them into account. I'd like to address some of the questions you raised with regard to the market or the industry.

You made a good point that the agricultural part of our economy is probably one of the bright spots for our country. However, our exposure as a company to the non-active part of the automotive industry, which includes both passenger and commercial cars in two wheelers is almost four times as large as our exposure to the tractor. That's true. As a result, you would appreciate it because these sectors of the economy and the auto industry have done very, very badly. It has had a serious impact on the performance of our company. And, as we said, previously automotive accounts to forty percent of our business you made a point which we got to the fact that the notice about the dividend withdraw is probably I'm confused. Let me just reiterate in my explanation. They're. During the course of the year the company had declared two interim dividends and at the conclusion of the financial year in our meeting in January, declared a final dividend, the decision to withdraw was only the final. The resolution at this AGM is about your approval, of the two interim dividends, which still stand, which we are seeking members approval on today.

You mentioned about the competition and what are we doing in the area of R&D. Here I'd like to inform you that not only does the company have an active focus, but we also benefit enormously from the fact that the Vesuvius plc have the facility in Netherlands, and we are able to make use of all the work and all that is being done there as well and all these improvements innovations are available to your company as well.

We have one of the largest manufacturers of the widest range of products across the foundry industry and however it is a competitive market and with regard to our exports, there largely are two other group companies in the markets. We don't sell to third parties outside of India.

You mentioned about our people, and I want to assure you that both as far as the operations and the people, safety is something which is absolutely paramount to us. And as I mentioned, we are extremely thankful, despite the difficult startup we've been able to now run our operations smoothly. And a very, very small number of our people have got infected. So thank you very much for your thoughts and comments. And I'll assure you the company will focus on many of your valuable suggestions. Thank you.

Okay, the next speaker is Mr. Anuj Nandkishore Sharma. Yeah, it is the same for Mr. Anuj Sharma, the folder which I have shared with you is the same. Yeah his name is in the list. Yeah, he's present in the meeting, but there is a new application. Yeah, I think yes, there is only one. Okay you can hear. Mr. Sharma, please.

You can ask a question now. Yeah. Yeah. Thank you so much for the opportunity. And thank you for unmuting me. Thank you for this opportunity and I have sent a list of questions. Do you want me to repeat those questions or would you be kind enough to answer them? I'll be appreciative of management response.

**Chairman:** Good afternoon and welcome. Thank you. May I just suggest that if there are one or two questions that are most important to you if you could just prioritize and let them know so we can answer them here. Feel free to ask the questions that you think are the most important.

**Mr. Sharma, Shareholder:** Yeah. It'll be difficult for me to see what the approach going forward, especially position of the Company and then I would request.

I'm sorry the last part of your question. I couldn't hear very clearly. There was some questions. Thank you very much. Thank you. Mr. Sharma.

**Chairman:** So, let me just take your question. Let me just take a question about sort of the outlook for both for Foseco on the foundry industry. As I mentioned, in my brief comments that the outlook for the Foundry industries, I think is closely tied to how we see the development of the GDP in India. And we believe that, while in the short run, they are going to be clearly and difficult situation to overcome. But in the longer run, we believe that the outputs of the foundry industry remains very strong. With regard to Foseco this industry, we believe we lead the position for a number of reasons. One, the fact is that is the industry moved to a higher form for those in the form would be at stage six. There will be a need for a higher quality. And for better quality control around the casting process, and I think by virtue of being the brand leader in this area

is well positioned to take advantage of this trend to a higher value and a high quality market. So, for all those reasons, I feel confident that at the moment, the outlook looks a little bit uncertain and volatile, we as the management of the board are very sure that your company will continue to do well in the coming years. With regard to your other questions, as you mentioned, we will certainly answer back to you.

**Mr. Sharma:** Alright. Also, could you just briefly talk about the market share of and how is it expected to evolve in the next five years and how Foseco commands premium in the market now, be your competition coming up in market informal and you know, domestic players also. What do you think the premium which Foseco commands in terms of output? Is it reducing or have we maintain some thoughts on that? Is well, please.

**Chairman:** So, our estimated market share is about eighteen percent, right? And our estimate is, in the past some time our market share has improved, the market itself has declined or relative market shares improved. And I think they're both share the testimony to the trends that I mentioned in my comments as to why this is happening. So, I think that as far as both our share is concern and what we've done this year, we are the largest manufacturer in the country and also somebody who sort of gain share. Now, if you look at the exposure of our products, where does the market comes from. As I mentioned, forty percent comes from automotive. Though, now automotive at the moment is under stress not just in India, but across the world. I think India is today the fourth largest automotive market in the world and I think over the next five years many people expect, we will become the third largest automotive market in the world. So clearly, with forty percent of our business coming from market is likely to gain. This is a good position to be in another part of our business. The last part come from general engineering, which is clearly related, at least in part to the infrastructure development in our country. And I think again, for those reasons, we believe the outlook is strong. As far as the competitive nature of this industry is concerned, there are more than two hundred manufacturers of different sizes and shapes to operate in this market. And clearly, it's a highly competitive market. But I think why Foseco is unique and why we're able to command the stream. And you mentioned how sustainability is, because of the unique positions of our strategy. We are just not a supplier of consumables to the Foundry industry. We're an effective solutions partner, the agent for the foundries. And I think it is the technical knowledge, and the intimate understanding of processes that are engineers know and can work with the Foundry owners that enables the Foundry owners to get a huge improving their yield. Consumers in the foundry industry account for maybe less than five percent of the cost of the Foundry. Clearly a solutions partner who can help improve the yield, is somebody that anybody would be happy to pay a really good premium for. We therefore believe that this premium that we charge is an account of our ability to show genuine value to our customers, and therefore, it is sustainable going forward.

**Shareholder:** Just for clarification you said market share is one, eight.

**Chairman:** Eighteen percent.

**Shareholder:** And my last question is, before I follow for email, our exports is under ten percent of our revenues. Now, can we become supplier to the parent and the world for exports, and cannot exports

become a large part of the large in the sense thirty, forty percent of our revenues in the coming time. Does the parent have some strategy sourcing part of it for India?

**Chairman:** So, two thoughts on that. One is the fact that the Vesuvius is a global plc and obviously they have branches or representations all over the world, all the export sales we do or actually the group companies. We don't sell the third parties outside of India. But through them many OEMs are being supplied some of the products out of India. We mentioned that we have now set up an advanced filter plant in India that will help us indigenize even more. And increasingly, I think people are looking for most of the cost advantages solution. There's a lot of talk across the world that many international companies wanting to diversify and make the supply chains more resilient and not just depend on China. I think all of these trends, the fact that we're making world class product, the fact that we are now expanding our facilities in India and the world is moving to a much more multi-lateral supply chain situation will all play out the Foseco India's advantage over the medium and long term.

**Shareholder:** Alright, thank you. And I will follow up for the email to reply for my answers. Thank you.

**Company Secretary:** Thank you. The next speaker on the list is Mr. Aspi Bamanshaw Bhesania.

**Shareholder:** Can you see me all? So, when next year you hold a physical meeting, please continue to hold with a virtual meeting also, so that the shareholders from Mumbai can also participate. I am a shareholder for many years but could not participate in any of the meetings.

In June quarter, when your income is one third and net profit of nine crore has become a loss of three crores. Can you comment on that? Comments on inventories and receivables in June quarter, compared to December quarter. So, I'll say I appreciate that you're not giving final dividend. Cash in June end is one hundred twenty five crores. What are your plans to utilize? Would you like to buy distressed assets?

You must be aware that Modi Sarkar is making a law that in case of default of a bank, even the depositor has to take a haircut. So far depositors will not affected. So, what are your plans on that. The parent has got one more listed subsidiary in India. How many more unlisted subsidiaries they have in India. And I would prefer them to have only one listed subsidiary in India, just like Hindustan Unilever has got only one subsidiary in India.

Sir, we get forty percent of our income from auto. So, what are your plans considering that electric vehicles are increasing? Do we are any contribution in the electric vehicles. Thank you and all the best.

**Chairman:** Thank you. Mr. Bhesania. Thank you for your questions. I'll try and sort of take some of those questions straight on. You mentioned about the cash we have on hand. I think that is right and as I mentioned the board of directors had review that. Given the uncertainty of the current pandemic, it is better to hold onto our cash and therefore, even after deciding to give a final dividend of ten rupees a share, we decided to reconsider and withdraw that.

And I think the cash to be holding at the moment is clear on account to the fact that we want to be completely prepared for any eventuality, putting the longer term as, you know, we'd like to get back all the surplus cash to our, to our shareholders. And that policy will continue on the longer run. You mentioned that our performance in the April to June quarter had been slow. And I agree with you as I mentioned that, you know, the company was completely closed for a significant part of that quarter. And clearly that has impacted the automotive industry continues. As you know, April was a month in which they received sales. So you have a situation, which is pretty good. As I mentioned, we're encouraged by the uptick we have seen in the market in July and August. At least there seems to be a revival. It is too early to say whether they are green shoots already, but I think at least the performance in July and August has been more encouraging.

To your question about being there being multiple subsidiaries, and are there any other unlisted subsidiary. The company has another company called Vesuvius India, and they are placed to get their supplies to metal producers. We are suppliers to foundries. So, they're completely, two completely different businesses, which is why they run separately. There are no other listed or unlisted subsidiaries at the company has in India. As with regard to electric vehicles, I think the jury, Mr. Bhesania is still out. I know India has a very ambitious plan to try and fast track and do a faster adoption of electric vehicles. I think the challenges we face are many. So, we are watching and we are seeing, in any case, all of this trend to either electric vehicles or to better quality engines is all going to heal in a higher quality and the less inclusion free cast material. And I think to that extent for Foseco India is well placed. The exact projections of the electric vehicles are still the subject to a huge amount of variation. So we're watching this market very closely. But we're not quite sure that the vehicle market may not, the electric vehicle market will be as large as some people project.

**Company Secretary:** The next speaker who has registered as a speaker is Anil Kumar Poddar. But I don't see him participating in this meeting. So, we move on to the next speaker Mr. Varun Anil Bang.

**Shareholder:** Typically how easy or difficult is it to take price increase in our business. How do we manage volatile raw material cycles? When we look at our service network and our wide product portfolio, where do you think competition stand on this? And largely our product portfolio has been around 400 SKUs for many years. Do we have any product gaps as compared to our overseas group companies, who are operating in different markets? How are we penetrated in India? Would we be associated with all four thousand, five hundred, five thousand foundries, what we have in India and typically, how many key account managers do we have, who manages all these relationships?

**Chairman:** Mr. Bang. Thank you. I'll try and answer some of the questions we have received. And, as I said, we will try and answer them through email. Okay. Let me sort of, take your questions and really the ones with regard to the filters first. As you mentioned, what is the strategy behind putting up a filter plans in India? And how do we see this opportunity grow?

So clearly, what has happened is that filters is not necessarily a new product importing filters and selling them locally. And clearly, today, the demand for filters, we believe will increase. Any foundry who wants to make the highest quality and sort of inclusion fee cast product will need to use filters. So, as we move, as I said, to better quality products, we see the demand for filters to grow and now being able to manufacture high quality in our state of the art new plant, in India will enable our customers to have shorter lead times. We'll be able to get products at a better price and that's what we think. It will be much better position. It'll also reduce our import bill because we will not now be importing, but if we will be manufacturing these locally. So, I think the penetration of the filters in the foundry industry is likely to grow. And I think therefore our plan to manufacture them locally is both strategic and likely to result in an improvement of the company's performance. You mentioned the fact that we are a solution provider. That is correct then, I think is what distinguishes Foseco from many competitors. They're just not a supplier of consumers to our consumers, but we actually partner with them to understand their process and help them increase their yields. You mentioned about imports. So, to that, I think one of the largest obviously many raw materials are also imported, but in terms of finished products, the single largest was filters, which ones the local plant starts manufacturing fully we will be able to cut down enormously. You mentioned something about the fact that how easy is it to take price increases and how does the pricing in this market work? No, it is a deeply competitive market. We're supplying to an industry that itself is under pressure. We are supplying quite often to an intermediate and the customer who's very well sort of understand what's happening. So the prices are deeply competitive, and yet we've been able to both sustainably over all these years been able to command the premium and be able to supply to the largest foundries in the country simply because we have not just the best quality product, but also the services we offer as a solutions partner. You mentioned about the size of the foundry industry and that sort of covered. You mentioned something about the fact that what percentage of our revenue comes from new products can I sort of request the Managing Director, Mr. Sanjay Mathur to probably answer that question? And also the question on crucibles.

**Managing Director:** Thank you Chairman. Mr. Varun Bang, in terms of new products, my estimate has been about sixteen percent of our revenues coming from new products. You did ask in terms of how much of this is replacement, some of it is part of it is a replacement. We are also upgrading the portfolio, but that is the overall percentage as we, as we normally measure and we constantly keep driving. With respect to crucible, there is a crucibles plant of our sister company within India. So that is servicing the business of the Foundry. So, we do not currently see any requirement for any investment. Okay. Thank you. Very much.

**Company Secretary:** So, the next speaker is Mr. Sagar Kirti Kumar Gandhi.

**Shareholder:** Am I audible?

**CDSL:** Yes, you are audible.

**Shareholder:** So my first question is about the larger picture that the company sees. For example, we have seen our prime minister giving an Atmanirbhar Bharat call, and we are also seeing a lot of manufacturing facilities or new manufacturing facilities, which will come up over the next few years. So how is it that, how is it that is our company is positioning for capitalizing on all this new opportunities? That is my first question.

**Chairman:** Okay. So, thank you, as I mentioned that we are the manufacturer with the widest range of portfolio in India. So, while there many, many competitors, and we have different competitors who manufacture a different range of product, but Foseco India is probably the company that has the widest range of products, and all these products with the exception of filters, which are just starting to be manufactured in our plant, both in Pune and Puducherry. Filters was a product that was something that we were importing. And now, as I mentioned, we will be producing here in India. So, to your point about Atmanirbhar Bharat and manufacturing or made in India, this is something that the company's been focused on for a long time, I think our consumers and customers value us because they know there is resilience in the supply chain that we had they have to keep short inventions because we can supply the product to them quickly. And this is something that it's been a strategy for Foseco India for a very long time, and continue to be. So we are very focused on manufacturing getting there. And if you can manufacture in India for customers even overseas, and that's something we continue to work.

**Shareholder:** Yeah, so does that make the internal management feel that the company will cross top line of 500 crores in the next three to five years? Is that something on the mind? Because a large opportunity is opening up and for a company of such a fantastic pedigree, this is a great flip that can come. So, I mean, I am very positive about the prospects of this company, so I just wanted to know your thoughts on this.

**Chairman:** Mr. Gandhi, as company policy, we don't make guidance with regard to forward performance. So that's the company policy. So, but I can comment more in the spirit of your question, rather than the absolutes. And I think I agree with you. And thank you for your warm words and your confidence and I, as Chairman and I'm sure the management, the board of directors would like to share with you as well. We are optimistic about the future potential of this company. We are well positioned, take it back to the major trends that are happening that we've discussed today. So I think very confident. As soon we'll get to a particular number, in terms of top line is both the function of how we react and how we respond and come out of the current prices. Automotive is a very large part of our business clearly for the company's fortunes to revive that needs to revise the very confident will it happen next year? Would it take another year? Is something we have to wait and watch, but I think in direction over the medium to longer term, we feel very confident that your company is well positioned to take advantage of it.

**Shareholder:** My second and the last question is your competitors, especially Vesuvius competitors like RHI. They are integrating all the companies, which are present in India to make a one consolidated entity so that they can perform very effectively. So, is that something on our mind also like Foseco merging with Vesuvius and as a conglomerate, you would want to take up the whole India opportunity in one entity.

**Chairman:** So, frankly, as a company, we don't see any synergies. They're completely two different businesses and customer bases. As I mentioned, in India they supply to metal producers we supply to the foundries. So we see very little sort of overlap there. So and at the moment, I think, in the interest to both the local management as well as the promoters it is best placed to keep these two companies separate, but obviously never say never will, something we will look at suggestions. But at the moment, there are no plans whatsoever, we look at merging these two companies.



**Shareholder:** Yeah. Thank you so much for answering my queries. One small suggestion. The annual report does not do a lot of detailing, for example, segmental breakup of our end consumers. For example, what is mentioned is forty percent is consumed by automobile sector, but the rest of the sixty percent comes from which segment? What is the installed capacity of the company? How much is the utilization level? Breakup of export opportunities or the countries to which we exports or the group companies? All these detailing will really instill more confidence for investors like us, in a great company like Foseco. So thank you for answering my questions and just request you to take this into consideration. Thank you so much.

**Chairman:** Thank you.

**Company Secretary:** We don't have any other speakers.

**Chairman:** Very good. So thank you everybody. Thank you for your questions, and I do want to answer most of your questions and if you would like to see the further response to, we would be more than happy to answer them by email. Let me now, sort of come to the remainder of our AGM agenda. There's a lot of disturbance. Please go on mute. Thank you very much.

I mentioned the first resolution, which is up for your consideration and adoption today. I will briefly mention the other resolutions.

The item number two on the AGM is the resolution for the continue confirming payment to the two interim dividends as we clarified. This is the two interim dividends that we declared during the course of the year item.

Number three of AGM is the resolution of the appointment of a director in place of Mr. Guy Franklin Young who retires by rotation and being eligible offers himself for reappointment.

The fourth item on the AGM notice is the resolution for the appointment of Ms. Anita as an independent director of the company.

The fifth item is the resolution to the appointment of Ms. Karena Cancilleri as a director of the company.

The sixth is the resolution is ratification of remuneration of the cost audit for the financial year ending thirty first, December 2020.

And finally, the item number seven is the resolution to the payment of commission to the independent directors of the company.

Now, the facility of e-voting is open to members who have not yet cast their votes to participate in the e-voting. This will remain open for fifteen minutes from the end of this meeting. I would like to take this opportunity now, to thank all the members for the initiative for joining this meeting.

I would also like to thank CDSL for arranging this video conferencing facility and also making it possible for holding this meeting successfully. I now declare this meeting closed. Thank you very much.

Thank you very much. Thank you very much. Thank you very much. Thank you. Gentlemen, thank you very much. Thank you.

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