

PENNAR INDUSTRIES LIMITED

TRANSCRIPT OF THE 45TH ANNUAL GENERAL MEETING OF PENNAR INDUSTRIES LIMITED
HELD AT 11.00 A.M. IST ON THURSDAY, 30TH SEPTEMBER, 2021
THROUGH VIDEO CONFERENCING

Mr. Mirza Mohammed Ali Baig: Good morning one and all. I hope everyone is safe and healthy. This is Mirza Mohammed Ali Baig, Company Secretary of Pennar Industries Limited welcome everyone to the 45th Annual General Meeting of Pennar Industries Limited. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs as vide its circulars permitted the holding of the Annual General Meeting through video conferencing, other audio-visual means without the physical presence of the members at a common venue. In compliance with the provisions of the company's act SEBI listing regulations, MCA circular and SEBI circulars, AGM of the company is being held through video conferencing. The company has taken facility from KFin Technologies Private Limited for providing the voting through remote e-voting for participation in the AGM through video conferencing facility and e-voting in the AGM. The procedure for remote e-voting, participating in the meeting through video conferencing and e-voting during the AGM is explained in the notice of Annual General Meeting. While most of the shareholders would have by now got the experience of joining and participating in the AGM through video conference, I would request the shareholders to spare a few minutes so that I can inform certain procedural and technical points. The facility of joining the AGM through video conference is being made available to the shareholders on a first-come-first-served basis. All shareholders who have joined this meeting will by default be on placed on mute mode to ensure that there is no disturbance arising from background noise and for smooth and seamless conduct of the meeting. Once the question-and-answer session starts the name of the shareholders who have registered themselves as Speaker shareholders will be announced one by one, only the audio of the speaker shareholder will thereafter be unmuted by the moderator. To start speaking, the shareholders will be requested to click on the video-On button only once and wait till the video is on. If the shareholder is not able to join through video for any reason, he or she can speak through the audio mode. While speaking, we request the speaker shareholders to use the earphones so that he or she is clearly audible, minimize any noise in the background. Ensure that the Wi-Fi is not connected to any other device. No other background applications are running and there is a proper lighting to have a good video experience. If there is a connectivity issue at the speaker's shareholder end, we would invite the next speaker to join. Once the connectivity improves, the speaker shareholder may be called again to speak after the other shareholders who have registered themselves as speakers complete their term. I request the shareholders to be slow and loud while asking their questions so as to capture them correctly. We also request the speaker shareholders to limit their speech to two minutes. During the AGM if a shareholder faces any technical issue, he or she may contact KFin helpline number mentioned in the notice of AGM.

As Mr. Nrupender Rao, the chairman of the company was unable to attend the meeting, we propose the chairman of audit committee, Mr. B Kamalaker Rao, to take the chair and take forward the proceedings. Thank you, over to you.

Mr. B Kamalaker Rao: Thank you, heartily welcome to the shareholders to Annual General Meeting of the company. Since the quorum is present, I declare the meeting to order. Now we introduce the Directors. I am Kamalaker Rao, chairman of audit committee as well and Aditya Rao, Chairman and Managing Director. Mr. Lavanya Kumar is the executive director of the company. J S Krishna Prasad is the Chief Financial Officer of the company. Ganesh Balakrishnan representing Statutory Auditors will be coming online. RVS Ramakrishna will also be online. The meeting is through video conference and other audio-visual means presented by NSE and SEBI. There are no proxies. The auditor's reports will be taken as read and there are no qualifications in the audit report, the registers as are required under the companies act 2013 are available for inspection electronically in the registration of KFin Technologies and if anyone wants, they may contact the company secretary through their email id. The shareholders can access the chairman speech uploaded by the KFIN Technologies. I request Mr. Aditya, Chairman and Managing director to take over upcoming proceedings.

Mr. Mirza Mohammed Ali Baig: You can start the presentation one by one, sir.

Moderator: One minute, sir, I will upload the presentation. I will confirm to you just a minute. Okay.

Mr. Aditya Rao: I hope my voice is clear. If it isn't, please let me know. Warm welcome to all of our stakeholders to the Annual General Meeting of the Pennar Industries for the financial year ending March 2021. I am hopeful all of our stakeholders and their families are well and healthy and the following presentation, which we will cover the performance of the financial year ending March 31 post which we'll move forward with the rest of the agenda.

Moderator: Sir, the presentation is ready, sir.

Mr. Aditya Rao: Thank you. Next page please.

Moderator: Next page sir.

Mr. Aditya Rao: As you're aware, the company has recorded a consolidated revenue of 1554 crores for the previous Fiscal. This is obviously on the back of the pandemic year where we had a quarter with substantial lockdowns at most of the manufacturing and operating facilities. We have, however, recovered from q2 onwards and q3 and q4, we were able to scale up our profitability quite significantly. q4 especially was a quarter where we saw a lot of new businesses come into their own as well. So, the overall year even though we had a challenging first quarter, we recorded an EBITA of 131.49 crores and a PBT of 3.65 crores and the profit after tax of 2.84 crores. What we have done very successfully is that we have continued to focus on profitability and growth as three pillars upon which we built Pennar and in accordance with this we have made substantial investments in our body in white plant in the last financial year. This is a plant that is catered towards making high end automotive components for companies such as the largest automotive companies in the world and they also have over the last few quarters also built-up additional order books with other large automotive vendors, in addition to this all of our verticals have now recovered to the extent that we see profitability to grow quarter on quarter for the

foreseeable future and our focus on ensuring that the company remains liquid and the company maintains a growth plan has borne good amount of fruit. In addition, the subsidiaries that we have set up in the US specifically assigned for buildings capability their ascent is a step-down subsidiary of PGI, which is itself a wholly owned subsidiary of Pennar industries has done really, really well. Has recorded a very large order book and has achieved profitability as of this quarter. PGM, our other subsidiary in the US has also achieved profitability in this quarter and we project both of these companies to maintain high margin and high quality, revenue and profitability in the future as well. From a COVID point of view, we have ensured that our employees are given the best support that they can in this environment, the vast majority of our employees are vaccinated which goes on having been given to 100% of our employees and you project that those two we will cross 95% by the next month. So, we have ensured that through combination of vaccination camps and encouraging a return from work from home to hybrid model that we get most of our employees vaccinated and also ensure that there are no business continuity risks to the company because of COVID because of the pandemic. With that, I would like to hand it over back to the Chairman. Thank you.

Moderator: One minute sir, let me remove the presentation. Please continue sir.

Mr. Lavanya Kumar: Good morning, this is Lavanya Kumar. So, as Aditya was mentioning and we are taking all precautions with reference to COVID this now where we will be achieving almost 95% to 96% by October end and I with concern to the safety precautions and we are, we have implemented recently five S and strictly following that and which is really showing improvement and the rate of incidents are almost have come down. So, I mean we are poised to grow now, as our economy is opening. So we will be doing good in this coming year. Thank you.

Mr. B Kamalaker Rao: We have five shareholders who have registered as speakers and I call them. One is MR. Kamal Kishore.

Mr. Mirza Mohammed Ali Baig: I request moderator to go with the speaker registrations as per the serial number.

Moderator: Yes, sir. Yes sir. The first speaker is Mr. Ramesh Mangalori. Mr. Ramesh Mangalori. Sir, he has not joined.

Mr. Mirza Mohammed Ali Baig: Okay. We will go with the next speaker.

Moderator: The next speaker is Mr. Kamal Kishore Jhawar. Mr. Kamal Kishore Jhawar. No sir he has not joined, the next speaker is Vallee Ur Rehman Sufi Muhammad. Mr. Vallee Ur Rehman Sufi Muhammad. No sir he has not joined. The next speaker is Mr. Ramesh Shankar Gulla. Mr. Ravi Shankar Gula. Not joined sir. The next speaker is Mr. Shrikant Jhawar. Mr. Shrikant Jhawar.

Mr. Shrikant Jhavar: Hello. Hello.

Moderator: Yes sir, you are audible sir.

Mr. Shrikant Jhavar: Respected Chairman and all our Board of directors, hope everyone safe from COVID, I am attending meeting sir through video conference. Sir, regarding I have only two questions. Does the company planning to buy back our ESOP and second question is how the company raised funds during the year new project BIW or US, what is a potential business, sir? Thank you.

Mr. Aditya Rao: Thank you, there were two questions, sir. One was whether we are looking at buyback. buybacks and other corporate actions are decided or taken up by the board and decision is taken. At this point, we have nothing to communicate to our shareholders on a decision that has been taken and once there is something like that we will absolutely communicate, but at this point there are, we don't have anything to communicate on any corporate action with reference to a buyback. The second question funds raised for your BIW plant and a US plant. So, BIW, as I said body in white effectively means that we need hot stamped parts and what are called as HTS parts for automotive majors. So for even companies that are in India, like Porsche and others, they and others, they need these parts to assemble the body. It is a major structural element on which the car is, cars are built and the good news is that the capex we have set up and the project we have set up in Chennai will allow us to provide these parts not just for the export market, which it is right now, which is what we're doing right now, but also for the new electric vehicle EV market which is developing. So, in fact, we have received orders for the electric vehicle BIW parts as well. So it's a very big addressable market, we are very confident that the business will do well and I think from the next quarter onwards, we will give you far more detail and good news on this front. But as of right now revenues already started lobbying clock and the plant is up and running. With regards to our US subsidiaries, as I mentioned, we make pre-engineered buildings in the US, in Ascent, which are the step down subsidiary from PGI, which is a wholly owned subsidiary. So, Ascent, in effect is in the business of designing and manufacturing and supplying building components, which can be used as primarily for non-residential construction in the US. Very quickly, the company has built an order book, we have given out press releases, with the new orders that we have booked. So right now we are at about 21 million dollars in terms of the order book, and the company has also turned profitable, so in last month, so we are quite confident it's going to go in the right direction. We have a very good team over there. We are making sure that we have hired from the best metal buildings companies in the United States and as you're aware, the market for three major buildings in the US is much larger than the market for vision buildings in India. So overall, these initiatives where we have spent some a big part of last year through the pandemic, even though it was very difficult, we have grounded these businesses, they are now starting to bear fruit. So, in the back of that I think you would have seen q1 profit and q2 obviously we expect growth on that. As we had mentioned in our last investor conference call, and we expect q3 and q4 also to keep improving. So, that is my overview of the US businesses and the BIW business as was your question. Thank you.

Mr. Mirza Mohammed Ali Baig: Thank you sir. Moderator, is any other speaker shareholder available?

Moderator: No sir, nobody is there sir.

Mr. B Kamalaker Rao: Yeah, we'll go with the notice of agenda for which we have called the Annual General Meeting. Meanwhile we have finished the speaker registered who have joined the call, sir.

Items item number one, order resolution to receive answers to our audited financial statements, including the audited consolidated financial statement of the company for the financial year that it was ending 31st march 2021. Together with the report of the board of directors and the auditors thereon.

Mr. Mirza Mohammed Ali Baig: The items for which the meeting was called, item number one, ordinary resolution to receive considering adopt the audited financial statement including audited consolidated financial statement of the company for the financial year 31st march 21 together with the reports of the board of directors and auditors thereon. Item number two, ordinary resolution to appoint a director in the place of Mr. Eric James Brown, who retires by rotation being eligible offers himself for reappointment as director. Item number three, ordinary resolution to appoint director in the place of Mr. P V Rao, who retires by the rotation and being eligible offers himself for reappointment as director. Item number four, special resolution to reappoint Mr.Nrupender Rao, as Chairman. Item number five, special resolution to reappoint Mr. Aditya Rao as Vice Chairman and Managing Director. Item number six, special resolution to reappoint Mr. K Lavanya Kumar, as executive director. Item number seven, ordinary resolution to confirm the appointment of Mr. RVS Ramakrishna, who was appointed as additional director. Item number eight, special resolution to appoint Mr. RVS Ramakrishna as an independent director. Item number nine, ordinary resolution to change the designation of Mr. P V Rao, from joint managing director to non-Executive Director. Item number 10, ordinary resolution to ratify the remuneration payable to M/s. Shaikh and Associates and cost auditors. With the permission of the chairman as per the provisions of the Companies Act and SEBI listing regulations, remote e-voting facility through KFIN Technologies was provided to the members to cast the vote for the resolutions as set out in the notice from 26th September, 2021, 9.00 am to 29th September 2021, 5.00 pm and e-voting facility is also provided during the meeting. Shareholders as on the cut-off date, that is 23rd September 2021, are eligible for casting votes. The members who have not casted votes during remote e-voting can only cast during the meeting and 15 minutes after the meeting. However, they can participate in the meeting even if they have already voted through remote e-voting system. Mr. Subhash Kishan Kandrapu practising the company Secretary is appointed as scrutiniser of e-voting process. With the permission of the chairman, it is to inform that the members can cast their votes through e-voting. Chairman or any other person authorised by him shall announce the results of voting of the meeting, along with the scrutiniser report within 48 hours and it shall be placed on the website of the company and KFin Technologies website and be communicated to the stock exchanges as well. To conclude the meeting with the giving vote of thanks. We thank all, the chairman of the audit committee, nomination and stakeholder committee Mr. Kamalaker Rao gaaru. We thank Aditya gaaru, Managing

director of the company and Lavanya gaaru, Executive director of the company and Krishna Prasad gaaru, the Chief Financial Officer, Mr. Shrikant, Vice president finance. Thank you all. Thank you, auditors and the stakeholders, and the shareholders of the company. Thank you. We conclude the meeting sir.