



MUNJAL AUTO

INDUSTRIES LIMITED

TRANSCRIPT OF 35TH ANNUAL GENERAL MEETING

DAY/DATE: SATURDAY, SEPTEMBER 12, 2020

TIME: 12:00 NOON

Mr. Rakesh Johari: Good afternoon everybody. I am Rakesh Johari, Company Secretary of the Company joining this meeting from Registered Office at Vadodara. It gives me immense pleasure to welcome you all at the 35th Annual General Meeting of Munjal Auto Industries Limited.

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

I request CMD Sir to proceed further.

Mr. Sudhir Kumar Munjal: Thank you Rakesh. Namaskar and a very good afternoon, dear shareholders, my fellow Board members, ladies and gentlemen. A very warm welcome to you all at the 35th Annual General Meeting of your Company. I pray that you all, your families and all your loved ones are keeping safe and staying healthy.

I am Sudhir Kumar Munjal, joining this meeting from Gurugram. As you are aware, this meeting is being held through video conferencing mode, as permitted by the Ministry of Corporate Affairs and SEBI, due to the current situation caused by the Covid-19 pandemic. I thank you all for participating in this AGM through video conferencing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mr. Sudhir Kumar Munjal: Ms. Avi Sabavala is a Non-executive Independent Director of the Company. She is joining this meeting from Vadodara.

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

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

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

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

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

Mr. Sudhir Kumar Munjal: Thank you Rakesh.

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

As the notice of the 35th Annual General Meeting is already with you, therefore, I take the same as read. I would like to inform the shareholders that there are no qualifications or reservations either in the Auditors Report or in the Secretarial Audit Report and accordingly, they need not be read.

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

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

Mr. Sudhir Kumar Munjal: Esteemed Members, my colleagues on the Board, distinguished ladies and gentlemen, Namaskaar!

On behalf of Board of Directors, I heartily welcome you all to the Thirty-Fifth Annual General Meeting of your Company.

I would have very much liked to meet and address you in person, but as you know, we are holding this meeting over a virtual platform due to the prevailing unprecedented circumstances. I would like to thank you all for sparing time to join us today from wherever

you are, and for your continued support & faith in Munjal Auto & its Management. I hope you and your family members are remaining healthy and staying safe.

The corona crisis is the most disruptive event in modern human history. The resultant economic crisis has compounded the global community's hardships.

However, I have no doubt, India and the world will achieve faster progress, greater prosperity and a new quality of development post the CoVID-19 crisis.

INDIAN ECONOMY AND BUSINESS ENVIRONMENT

India's economy faces increased risks of stagflation, which may slow down the effectiveness of monetary and fiscal measures adopted by the central bank and government, the economic trend of stagflation is marked by rising inflation and falling GDP growth. The uncertain outlook on inflation in the short-term has already led the Reserve Bank of India's Monetary Policy Committee (MPC) to hold the interest rates in August and has also diminished the likelihood of any further rate cut in the near term.

With Covid-19 infections continuing to climb, especially outside the major urban centers, and some states extending local lockdowns further, the economic outlook remains fraught with uncertainty. We expect consumption trends to remain altered by the pandemic, with non-discretionary and in-home consumption being prioritised at the expense of discretionary goods and services, especially where social distancing is difficult to maintain. A broad-based pick up in investment activity is likely to be back-ended to at least H2 of FY 2022. Moreover, the revenue shock being faced by all levels of government may constrain their ability to support the recovery.

AUTO COMPONENT/ANCILLARY INDUSTRY

Two-wheeler makers say retail two-wheeler sales in August, 2020 were better than in July, 2020. In July retail sales at 8.74 lakh were better than the 7.9 lakh recorded in June, which was better than the 1.59 lakh recorded in May, as per data shared by the Federation of Automobile Dealers Associations.

Wholesale dispatches by companies in July stood at 1.28 million units, better than June's 1.01 million units, as per the Society of Indian Automobile Manufacturers. This indicates an upward momentum in demand, which the industry is keen to sustain.

YOUR COMPANY'S PERFORMANCE AND OUTLOOK

During the year 2019-20, your company registered a sale of 1,139 Crore as against 1,151 crore in the previous year. Profit before tax was 6.85 crore as against 42.83 crore. The reduction in profit is due to declining in volume by 15%, introduction of BS VI models with pricing pressure from customer and new business of 4 Wheeler BIW parts which has yet not

taken shape towards profitability. In order to overcome, your company has initiated re alignment of business with cost reduction. The outcome will be visible in neat future.

The auto industry is going through many changes in technology and consumption models. Due to higher cost of new technology, price sensitive customer, and the uncertainty of the future, our customers are focusing on reducing costs at all levels. Tier 1 suppliers, like us, being a major contributor of their value chain are obviously feeling the brunt of these pressures.

Under these circumstances, although the profits will not be in the conventional levels, however, it may remain in the auto components industry average level in future.

Looking to this, the company has already begun diversifying into other industries with the acquisition of Indutch Composites Technology Private Limited during last year and we expect that this will be a more profitable venture in coming 2-3 years.

Rest assured, your company will do all that it takes to preserve the shareholder value.

DIVIDEND RECOMMENDATION

In order to conserve the resources during these uncertainties, the Board of Directors of your company has not recommended any dividend for the year but rest assure that this will be compensated in future.

ACCOUNTS & AUDIT REPORT

Annual accounts with comprehensive appended notes and schedules, quantitative information and analysis duly accredited by Auditors Report are adequate.

ACKNOWLEDGEMENT

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

Once again, I thank you all for taking time out and attending the Annual Gathering of our Company and hope that next year we will be able to gather for our AGM in the usual way.

Dhanyawaad!!

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

The first resolution is an Ordinary Resolution and is related to consideration and approval of the audited financial statements for the financial year ended March 31, 2020 together with Directors’ and Auditors’ Report thereon.

The second resolution is an Ordinary Resolution and is related to the appointment of Shri Anuj Munjal, (DIN: 02714266). I being interested in this resolution, request Mr. Vikram Shah, to conduct this business item

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

Mr. Sudhir Kumar Munjal: The third resolution is an Ordinary Resolution and is related to the appointment of Ms. Avi Sabavala (DIN: 08246256) as an Independent Woman Director of the Company.

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

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

Your Company has appointed M/s. Devesh Pathak & Associates, Practicing Company Secretaries, as the Scrutinizer for remote e-voting conducted from Wednesday, September 9, 2020 to Friday, September 11, 2020. They are also appointed as the scrutinizer for this meeting and will submit the combined result report.

Keeping in mind constraint of time and connectivity issues, we had requested Shareholders to register as a speaker or sending queries in advance between Wednesday, August 26, 2020 to Tuesday, September 1, 2020 but we have not received any request/ query for the same during the above mentioned period.

I request CMD Sir to proceed further.

Mr. Sudhir Kumar Munjal: Those members who have submitted queries after the stipulated time and those who are attending the meeting and have any queries are welcome to get in touch with the CFO or Company Secretary and we will be glad to provide the information to you.”

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

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

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

Mr. Sudhir Kumar Munjal: With this the 35th Annual General Meeting comes to an end. I would like to thank my colleagues on the Board as well as invitees; I would also like to thank all the shareholders. I am grateful to you for your time and involvement. I further hereby authorize, Company Secretary to announce the voting results within forty-eight hours of the conclusion of Annual General Meeting and intimate to the BSE & NSE and declare the meeting as concluded.

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