



DYNAMATIC TECHNOLOGIES LIMITED

47th Annual General Meeting 2022

Date: 09-09-2022

CS: Dear shareholders, good morning. This is Shivaram V, company secretary of Dynamatic Technologies Limited. I'm very pleased to welcome you to the 47th Annual General Meeting of Dynamatic Technologies Limited held through video conference. I would like to take you through certain points regarding the participation at this meeting. The facility of joining the AGM through video conference or other audio visual means is being made available for members on first come first served basis. All members who have joined this meeting have by default placed on mute mode by the host to avoid any disturbance arising from background noise and ensure smooth and seamless conduct of the meeting. Once the Q&A session starts, the Chairman will instruct the representative from KFin Technologies to announce the name of the shareholders who have registered as speaker shareholder one by one. Only the audio of the speaker shareholder will thereafter be unmuted by the host. To start speaking, a shareholder is requested to click 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, the shareholder can speak through the audio mode. While speaking, we would request the speaker to use the earphones so that he is clearly audible, minimize any noise in the background, ensure that WiFi is not connected to any other device, no other background applications are running and there is proper lighting to have a good video and audio experience. If there is a connectivity problem at the speaker shareholders end, we would ask the next speaker to join. Once the connectivity improves, the speaker shareholder may be called again to speak once the other shareholders who've registered complete their turn. We would like to request the shareholders to limit their speech to three minutes. During the AGM, if a member faces any technical issues, he may contact the helpline number mentioned in the notice of AGM. Thank you. I now request Mr. Govind Mirchandani, Chairman to take over the proceedings of the AGM.

Chairman: Good morning shareholders. On behalf of the Board of Directors, I have great pleasure in welcoming you all to this 47th Annual General Meeting of the company. I also wish to thank the statutory auditors, Deloitte Haskins and Sells, the secretarial auditors team, M/S Ratish Tagde for joining the meeting. As the requisite quorum is present, I now call the meeting to order. Before I proceed with the business of the meeting, I'd like to call on the Directors and the key management personnel who are on video conference today to introduce themselves. Good morning, I am Mr. Govind Mirchandani, Chairman and Independent Director of your company. I have been associated with your company as an Independent Director since 2008. I now request Malvika Jayaram to introduce herself.

Ms. Malavika: Good morning. My name is Malavika Jayaram. I'm a lawyer by background and I've been associated with Dynamatic, both as an independent lawyer, as well as an Independent Director and I'm very pleased to be serving in this role. Thank you.

Chairman: I now request Mr. Pierre de Bausset to introduce himself.



Mr. Pierre: Yes, good morning. I am Pierre de Bausset, a citizen of France and of the UK. I'm an Independent Director on this Board. I come from the world of aerospace. I had a long career at Airbus. And before that, in banking, I've experience in M&A, Capital Markets, governance and general management. I lived on various continents and particularly in India until 2018. I'm the Chairman of the Remuneration Nomination Committee and a member of the Audit Committee. I'm glad to be with you.

Chairman: Thank you. I request Mr. Pradyumna Vyas, Independent Director to introduce himself.

Mr. Vyas: Good morning shareholders. My name is Pradyumna Vyas. I'm an Independent Director on the Board of Dynamatic Technologies Limited, I come from the design background. And I'm very happy to be on the board of DTS. Thank you.

Chairman: Thank you. I request Mr. Dietmar Hahn to introduce himself.

Mr. Hahn: Very good morning shareholders. This is Dietmar Hahn from Germany. I'm Non Independent Director, Executive Director of Eisenwerk Erla foundry of the group. And I'm very proud to be part of the Board and can share the Board at this meeting with you.

Chairman: Thank you. I request Mr. James Tucker to introduce himself.

Mr. James: Good morning shareholders. My name is James Tucker. I'm the Global Chief Operating Officer for the aerospace division, both in the UK and India. I've been associated with the company since 2008. And my whole career has been in the aviation industry. Thank you.

Chairman: Thank you. I request Mr. Arvind Mishra to now introduce himself.

Mr. Arvind: Good morning. I'm Arvind Mishra, Executive Director and Global Chief Operating Officer for the hydraulics business. I take care of operations in India, UK and the United States of America. I have been associated with Dynamatic for 25 years. Thank you.

Chairman: Thank you. I now request Mr. Udayant Malhoutra, CEO and Managing Director to introduce himself.

Mr. Udayant: Good morning shareholders. I'm Udayant Malhoutra. I'm the CEO of this company. I've been associated with this company for the last 36 years. Thank you.

Chairman: Thank you. One of our Executive Director's Mr. P S Ramesh, the Chief Financial Officer Mr. Chalapathi and the company secretary Mr. Shivaram have also joined us for this meeting from the Bangalore office. I now request Mr. P S Ramesh to introduce himself.



Mr. Ramesh: Good morning shareholders. I'm Ramesh. I've been associated with this company for the last two and a half decades and have been in the Board since 2014. I'm basically an aerospace engineer and have been enjoying working in this company. Thank you all.

Chairman: Thank you. I now request Mr. P Chalapathi to introduce himself.

Mr. Chalapathi: Dear respected shareholders. Good morning and welcome to the AGM. I am Chalapathi, CFO of your company. I've been working for your company for one and a half decades. Thank you very much for joining us. Namaskar.

Chairman: Thank you. I now request Mr. V Shivaram to introduce himself.

Mr. Shivaram: Good morning shareholders. I'm Shivaram V, heading the legal and secretarial department of your company. I've been associated with this company for three and a half years. I welcome you all to the 47th Annual General Meeting. Thank you.

Chairman: Thank you. I thank all the members for joining this meeting. I hope the members and their family are safe and in good health. Due to covid 19 pandemic concerns and social distancing norms, we are holding this AGM through video conferencing. This is very much in compliance with the directions of the Ministry of Corporate Affairs and the SEBI regulations. The company has taken the requisite steps to enable members to participate and vote on these items being considered at this AGM. The company has also received a letter along with the Board resolution from seven corporate shareholders appointing and authorizing representatives under Section 113 of the Companies Act 2013 in respect of 23 lakhs 14,847 equity shares representing 36.50% of the paid up equity capital. Since, there is no requirement of physical attendance of members, the requirement of appointing proxies is not applicable. The registers as required under the Companies Act 2013 and the documents that are required to be kept open, in terms of the resolutions provided in the AGM notice are all open to inspection. Members who have not voted earlier through remote E voting can cast their vote during the course of the meeting through E voting facility. The notice convening the 47th Annual General Meeting has been circulated to you. And with your permission, I take the same as read.

Dear shareholders, on behalf of the Board of Directors of the company, I extend a very warm welcome to all of you at this 47th Annual General Meeting of your company. Your presence and strong support have always inspired us to achieve newer milestones of success. And we are now looking to surge forward driven by our own intrinsic strength 's and futuristic approach. The annual report for the year ended 31st March 2022 along with the Directors report, the audited financial statements and auditor's report of your company have already been circulated to you some time back. And so, with your permission, I shall consider it as read.

The global economy is recovering from the pandemic and various initiatives by various governments and central banks around the world have all supported this speedy recovery. The global economy actually grew by 5.5% in calendar year 2021, compared to actually a de-growth of 3.1% in calendar year 2020. However, with increasing inflationary pressure, responsive policy adjustments made by central banks coupled with fluctuating geopolitical conditions, they are all expected to weaken the momentum of economic recovery as we go



forward. During financial year 2022, the Indian economy reported a very strong recovery amid rapid vaccination progress, less stringent social restrictions and supportive fiscal and monetary stances. The GDP growth of 8.7% in financial year 2022 is above its pre-pandemic level and is actually an improvement after having contracted 6.6% in the financial year 2021. Despite the adverse economic and business conditions worldwide, your company has reported very strong business performance in financial year 2022.

During the financial year 2022, the hydraulic segments reported a robust performance supported by increasing demand from agriculture, as well as other industries, including construction and infrastructure equipment. However, the aerospace segment was impacted by global supply chain related challenges which were there and manpower shortage in ancillary industries. In addition, various travel bans between countries and the decline in passenger traffic due to covid 19 continued to impact the performance of the civil aviation sector. In the defence aerospace, the company has, however, won orders from the Indian Defence Public Sector undertakings which have helped to mitigate the slowdown in the civil aviation sector. Similarly, the metallurgy segment growth was impacted by adverse demand scenario, shortage of semiconductors and other supply chain challenges. In the financial year 2022, the company was recognized for its capabilities by Boeing, and was tasked to execute a new project requirement for Boeing F 15 assemblies. The company was able to meet the first article production requirements in a record time, despite the pandemic and which was very well recognized by the leadership at Boeing. As new business opportunities are being unveiled across our business segments, we have strategically deepened our business model and this shall soon be reflected in our future journey. As we transition into the next growth trajectory, we are confident that we will be doing well. Driven by our strong brand credibility and unique expertise as well as unparalleled technological platform in developing precision engineering products, both for the hydraulic and aerospace sectors, we see ourselves positioned to emerge as one of the market leaders in the country, in both the indigenous and foreign markets. Overall, your company is committed to investing for the future and to continue to serve its clients effectively and create long term sustainable value for all our stakeholders. Thank you very much.

Since there is no observation, qualification or comment by the statutory auditors India report on financial transactions or matters which have any adverse effect on the functioning of the company, the auditor's report does not require to be read. I now request Mr. Udayant Malhoutra, CEO and Managing Director to make his presentation

Mr. Udayant: Good morning shareholders. If I may request our agency to put up the slides, I'll take you through a presentation. Yes, if you can go to the next slide please.

So, just in one slide to recap our business. We are in the business of hydraulic products, aerospace and defence products. And what used to be classified as automotive is now from this year onwards being defined as metallurgy and you'll see why in the next couple of slides. The next slide please.

If you look at our hydraulics division, the next slide. I had presented in the last two years, the next slide please. I presented this schematic in the last two years and I talked about how we have become a very dominant supplier of hydraulic gear pumps, not only in India, but worldwide. So today, one out of three ag tractors produced anywhere on the planet goes out with a hydraulic pump made by Dynamatic, inside it which is on the bottom left of this slide. What we said is to grow this business, we take advantage of this market relationship, market



dominance, this technology, this foot in the door and we focus on wallet share rather than market share. Because the kind of effort we will have to make to go from 34 to 36% is very huge, it'll have an impact on our pricing power. Whereas if we use this opportunity to innovate, we'll have not just have business growth, but profitable business growth. And I'll take you through a couple of slides showing you the success. The shareholders will note that now you're seeing sequential quarter on quarter growth in this segment and a large part of it is driven by this strategy. Next slide please.

So if you look at this, we had Managing Director of John Deere India. John Deere along with Mahindra and Mahindra, these are the two largest tractor OEMs in the world. Both of them manufacture in India, both of them manufacture globally. Mahindra largely produces the smallest mass produced numbers of tractors, and they dominate India, which is the world's largest by volume market. John Deere dominates Europe and North America with gigantic practice, also with large volumes and they produce these products largely in the West. Now, if you look at this slide, we had the Managing Director and Chief of global sourcing for John Deere with us at a John Deere Day. And this was an event where we did a showcase not at our hydraulics division, but inside our aerospace division. And why we did this was because just over the horizon, we are working on innovations to broaden our footprint into this industry, not just by making hydraulic pumps. But by making everything you see on the left picture, which is the power steering, the hitch lift, the hydraulic pump and a small agri drone. And by putting electronics onto the hydraulics, you can buddy up what is a drone. So that everything that you see on red in the left photograph is product that we are already producing and we are now offering to a whole basket of customers. But what you see on the right is two or three or four years away, where you will have intelligence built in. You'll have a drone going in front, giving data to the tractor and then flying behind the tractor and there'll be a degree of autonomous operation in this. So I think here, we have a tremendous opportunity to grow over the next three, four years, but also to grow in terms of innovation and be a global innovator in this industry. The next slide please. So if you see, Arvind if you can just quickly unmute for this slide. I want to share something quite unusual. While we are innovating for wallet share. Arvind, if you can just explain how this is driving even growth in volume. So, these are new orders we've received just during this year. Arvind, are you on? Yes, please. Go ahead.

Mr. Arvind: So as Toby you rightly mentioned, we have been focusing on increasing our wallet share and we can see a steady growth coming quarter on quarter. A lot of development that we had done in the last couple of years is fructifying now, as you can see on the order book here. These are not just from the agri sector, but these are from construction. In addition to the agri sector, we are also growing our share of business and wallet share in the construction, in the mining, in the textile industry as well. And we already have a fairly healthy order book with all these developments.

Mr. Udayant: Yeah, thank you Arvind. The next slide please. And what you'll see is a very interesting development where we have a set of technologies that we developed in our India unit and a set of technologies that we developed in our UK units. So this is a very, if you look at our Indian unit, we were a licensee of dowty hydraulic units, which was one of the world's two pioneers in gear pump design. And when you look at what we acquired in the UK, it was the other innovator, the original innovator. So you have two streams of technical capability with a huge IP, a large number of patents that we own. In the product on the right, we've



actually created a product which uses both the technologies. So this is the first time actually that we are delivering products, we used to have two families of products. This is the first time we're able to put these together and we're launching them with customers like Mahindra or John Deere and then others. Next slide, please.

So if you go back to what Arvind talked about. Also, outside of the tractor industry, this is for JCB. There's a huge amount of innovation and capability that we have. As you know in Bangalore, we have a very strong digital R&D Centre, we have a destructive lab and we have a research farm. So what we do is we have a UK R&D centre, India R&D centre, that link up digitally. We have destructive test labs in both these sites. But finally, we have a research farm, where we take equipment and we actually develop products. We're now doing stuff that in the past was done by only these big companies which were OEMs and users. So it's a bottom up push from ourselves. And this has been one of those large orders that you were shown on the slide earlier. The next slide please.

Again, you can see more and more innovation. And this will open up a completely new market beyond what we call the green sector, which is ag tractors into construction equipment. And as you know, over the next 30 years India will construct more than we have constructed in the last 5000 years. Our rate of urbanization is so fast now. There is a massive need for mechanization and this is as we had in the last 30 years. We rode the wave of agri, we've to ride the wave of construction as well. The next slide please.

Mr. Arvind: Toby, if I may add please on the previous slide. If you go back to the previous slide, this is, we talked about wallet share. This particular pump is our first development for hydraulics on the transmission of an equipment. Yes. Thank you.

Mr. Udayant: Thank you. Thanks Arvind. The next slide please. In fact, I'll show you, on the next slide you'll see a lot of forward deployment. In this slide you have two of our deputy chief operating officers who deputize for Arvind, who has a broad leadership role across three continents. These two gentlemen are in Bangalore running the Indian operations in his absence and you can see how deep they are in product development, as well as in deployment. So this is probably the world's smallest tractor. It's produced by Swaraj which is now a wholly owned subsidiary. A subsidiary of Mahindra and Mahindra. So on one hand, you'll see innovation for small farmers who earlier would never be able to afford a tractor. With these small, low cost tractors, even a guy who has quarter, half an acre of land can till it. And then because of that, it will continue to require a tractor and require pumps. And you see in the right hand, a person holding a pump. The beauty of it is performance. The raw material, maybe half the value but the selling price is 90% or 85%. Because it's no longer a product that we were selling on the basis of a value add alone. It's on the basis of innovation and speed. This was developed in 90 days and deployed with full testing of a million cycle accelerated tests. We go to the next slide please.

You'll see a gigantic tractor. You see Arvind with these giant pumps. This is one of the world's largest tractors produced by John Deere. It's used on these 100,000 acre farms. So you're seeing a massive deployment of ourselves, you're seeing the straddling of the business across the world and across sizes and across different aspects. Not only the plow, but also the transmission, also other articulations of the hydraulic system. So it's very significant where we are and I think we're going to see a decade of really good growth. In fact, I will talk about this in one of the latter slides in terms of how it transforms financially to us. The next slide, please.



This is a slide that we're particularly proud of because it takes us into roti kapda aur makaan, basics of human needs. You can see us in construction equipment. In the center, you see Arvind on a Lamborghini tractor. So every Lamborghini tractor in the world now uses a dynamatic hydraulic pump. And on the right you see us on a textile machine. So usually across the world, gear pumps are used in only mobile applications. Whereas because of our very broad range and deep interaction from R & D phase with our customers, we actually are used wherever there's high pressure application. So hitherto what was using a wind pump or a piston pump, we're fitting air pumps and we are able to broaden the market. The next slide, please.

This is very interesting and I'm actually in Europe right now. I'm actually speaking from Germany today. And I'll talk about this. But over the last few days, I was at a UK plant with Arvind and with James. This is a very, very interesting development, it will give us a monthly growth rate of roughly 50% this year. Over last year, we're seeing it happening in and I think our shareholders will see this in the next quarterly result, where your monthly and quarterly run rate out of UK, in the hydraulics you'll see a 40-50% growth. But will grow even more. Technically, this business could double the entire hydraulic business out of UK. Now what is this product? This product, if you go to the next slide, you'll see it's an innovation that we did for one of the world's leaders of farm equipment. It's not a tractor. The next slide please.

It's again, this is the production next slide. Next slide. Next slide. So this is all being ramped up. This is the equipment that it's on. These are harvesters on very large farms. Now, typically you'd have four or five hydraulic elements driven by four, five drives. And those drives are very strong transmission drives which, you know, cost maybe four or \$500 per drive. By combining everything and making it compact, we have saved the customer, roughly \$1,500. And we sell this product for \$1,500. So just look at the innovation. We're giving the customer world class product and they're getting it for free. So they don't even question our value, they are getting huge value. They want us, they just want us to be sustainable, to deliver, to make money, to reinvest. So, this is the kind of futuristic kind of development set we're doing, where you can generate value for your customer and you can also generate huge value for yourself. It's not a commodity, it's very specific, very rich in IP that we own. Thank you. Next slide please.

Now, if you look at the hydraulics business. We have been seeing growth across in India, we've seen flat growth in the UK. As I mentioned earlier, this is now kicking in and I think you will see sequential growth quarter on quarter taking in from there. Now the beauty is that until now we were operating just above breakeven point in the hydraulics division in UK, with very high value added. Very quickly you will start seeing EBITDA results generated here that start approaching the enhanced EBITDA margins that you're seeing in Bangalore. So in Bangalore, we mentioned this last year that we were targeting 20%. As you can see, we are now north of 20% in Bangalore in India. The UK was much lower. We're also targeting 20% EBITDA margins there, it may take a couple of quarters, but not too long to start hitting the upper teens. So I think this is really interesting. I wouldn't be surprised if you get there in a quarter. So that's great. Next slide, please.

Let me come to the aerospace division. This division has always been our profit leader. For the last 8-10 quarters, it has been suppressed and quite logically. Because if you look at aviation across the world, it's perhaps the most hit industry. One of the reasons why we were able to still sustain the operations, compared to a lot of other companies was our mix of products, we were roughly half defence and half civilian. And therefore we were able to accelerate on defence programs and utilize capacity. The next slide, please.



So if you start with the Indian production, this is something a lot of people asked us about. We made the front fuselage for the Tejas. And there's been a lot of news about the government of India orders. We are there. The question is when does the aircraft start producing in bulk, so it will take another year or year and a quarter till where we will be in slow production, it's very, very slow. But this will be a series production in the next year, or year and a half. The next slide please.

In the meanwhile, what is really rapidly growing is our production of the flap track beams. So we are the sole supplier on Airbus for the flap track beam. So the A318, A319, A320, A321 and the A330. And this, we were producing roughly 50 to 53 aircraft every month prior to the pandemic. It went down by 35-40%. Now the demand is exceptional. So we have actually been tested by the customer for rate 75 a month. So it's 50% growth. And the only problem right now is that the customer buys and procures certain forgings certain materials and free issues it to all their Tier one suppliers like us, like ourselves. Unfortunately, at this point, it is slowly recovering. The market for aircraft has recovered. The supply chain has been devastated over the last two and a half years of covid. The next slide, please. So, next slide. Yeah.

So these are our facilities. Go back one slide. I just want to share this because what's important is going into this period, we've used this period really well to develop our infrastructure and to correct and to build the future. So if you look at our old factories, they were very tight, small. They were based on who we were 30 years ago, incrementally. What we've done is over these last few years, we've taken a lot of pain. We sold our old facilities, leased it back, bought a large facility or campus piece of land attached to the Bangalore airport and started building new capacity here. What it does is, it completely re launches the business. So we have delivered excellence to our customers. We're best of breed supplier to them worldwide for Airbus, for Boeing and for Bell Helicopter. But what is more important is now you have the physical capacity, not just the trained skilled workforce, but also the world class infrastructure that companies like this, seek in their suppliers. If you go to the next slide, you'll see the scale of products also have changed. So typically, the flap track beam has about 200 parts in it. So we keep reading about some guy getting orders for some parts. And I get messages, calls, emails from shareholders saying we read about Boeing giving some part orders or Airbus giving some part orders. Well let me tell you, this part has 1600 parts that we make and then we assemble it together. We are vertically integrated. So when people talk about part production, we have massive part production. We make over 10,000 unique part numbers every month for the products that you're seeing here. Keep going to the right, the next slide please. This is for Boeing. So again this is inside their P8 Poseidon, which is the submarine hunter. We are the sole supplier here. What you saw earlier for Bell Helicopter, we're the sole supplier of their major assembly. So the bell 407, the entire fuselage. We are the sole supplier for the Airbus flap track beams. You go to the right. Next slide, please.

If you look at the scale of what we do for Chinook. This is Boeing Defence, it's a heavy lift helicopter. This particular piece has 600 parts and it has 24,000 rivets in it. So it's a very huge complex assembly with a lot of everything being produced by us. A very small ecosystem that we have created. The next slide please.

So, here you see now the evolution. This is on the left, the Chinook product. So when we talk about share of wallet, that we talked about in hydraulics. How are we going to grow in aerospace? All these products were originally produced by Boeing or Bell or Airbus in house. We didn't go and compete with other suppliers for that. We actually have been working with



these OEMs on transferring manufacturing from within themselves to us, which requires a very strong engineering capability. Now if you look at the ramp of the Chinook on the left side, the yellow color ramp and you look at the person. That kind of gives you a scale of what it is. It's basically a cargo ramp. Now, if you take the commercial aircraft like Airbus or Boeing, they have very large cargo doors that are produced in house by all these guys. So we are now, we've received some questions about future growth strategies. We are on massive campaigns with our customers on cargo doors. So we are now going away from the wing onto the fuselage. On the right you'll see Airbus's smallest door. So we won this award recently. And in the next few months, we'll start this as the emergency escape hatch for the new A 220, which is the old Bombardier. Old means the brand new aircraft made by the old Bombardier company which Airbus acquired. It's now the smallest aircraft in their fleet just below the A 320. And what you see here is how we will approach this commodity of aircraft doors, from the very large cargo doors to the smaller emergency doors and then the passenger doors in between. We have actually got demonstrators in production and engineering right now. And if you see one is for Boeing, one is for Airbus, one is for defence, one is for commercial. So we have actually covered ourselves very well for a future over here. Now, if you ask me, I can't put a exact number. But I feel that we could possibly double the value of our business, just on the commodity of doors alone. So what we have taken the last two decades to build, perhaps in the next two or three or four years, we could double it. And that's something that I feel very confident about. I can't say it obviously in numbers, but that's the sense we get, the feeling of trust that customers have, the market dynamics. So, these are the approachable markets for us. Keep going to the right please. Next slide. So if you see us industrializing this, another question and I'm trying to answer some of the. By the way, you know, I really appreciate when our shareholders ask questions, because it helps us. I got a advance email from one of our shareholders, Hitesh who gave some very thoughtful questions and some other shareholders. So I would like to also say that, as I make the presentation, I'm trying to in advance answer some of the questions that shareholders have. So if you look at investment, so I'm saying we'll double our business. Everybody will say, Oh my God, that means a whole bunch of capital outlay. If you look at this door, it's being produced in a small facility with 5000 square feet at our aerospace facility at the Bangalore airport. So with that land which is the biggest expanse, with the common infrastructure which is already invested there, all we have to do is put up hangers and assembly checks. So actually, the incremental investment is very beneficial to us. We've front ended a large part of our investment that is already there. It's not that there'll be zero investment, but it'll not be to the extent that we've had to do in the past. And that's the big advantage. And I think this is why as we go forward, why we are entering a sweet spot in Aerospace is that you have sole supplier tier one status with the best customers in the world. You are global in a global footprint, in a world where global OEMs are looking after covid and with the war and with the shortages to near shore, to onshore. They're very worried about these long global supply chains. And they see in Dynamatic a global agile supplier that's willing to move with them, go and deliver to them, produce globally. So it's a very interesting opportunity. It's almost like our Indian IT industry, except we're doing it in manufacturing. And I think it'd be very capital efficient in going to the right place. The next slide, please.

A second order that we got recently. So again, I'm trying to say one was Airbus civilian. One was Boeing Defence. This is the unbeaten fighter, it's the F15. It has never been defeated, they have 104 kills, zero losses. This is the latest version. Everybody thought the day of the super fighter was behind us because they're looking at stealthy aircraft. The challenge with



stealthy aircraft is that they can't carry very many ammunition. They have 35, carries 6000 pounds of ammunition. This one carries 30,000 pounds of ammunition. It can actually carry a F16 under its belly, it flies faster and longer than anything. So what these new aircraft are doing is they've got electronic countermeasures and they are able to fly into a contested space, even if they are seen and fight their way in and fight their way out. So it's a complete new, brutal fighter jet technology using the world's undefeated fighter. If you go to the next slide, we received an order from them not even a year ago. Go back, go back please. Let the video play out. Just get that, yes. So just to show you what we did here. On the center space, this contract included engineering, it included production of about 300 different parts. It included development of all the jigs and fixtures, which the customer paid for and then the assembly and qualification of this product. And go to the next slide, please. If you see this timeline and I think this is something that you'll have to really look at as an asset of the company. Very few companies would be able to do all this in 10 or 11 months and deliver ahead of schedule. Next slide please. So we've masked out somewhat in the next slide, the products for security reasons, confidentiality reasons. But what you can see is, you can see the head of procurement of Boeing fighter jet program. This was two weeks ago, at our facility. All of us are traveling. You can see Ravi who's James's Co Chief Operating Officer, again standing behind. So you're seeing the deployment, the deep leadership capability where we are able to all go hands on. If there's a challenge in Germany, I'm standing here with Dietmar. If there's an opportunity somewhere else, somebody's doing it if there's a challenge. So we have a lot of high quality talent that is fully deployed at the place where there's opportunity or at the place where there's a challenge. And we're able to take decisions in real time. Keep going to the next slide, please. And this opens up new opportunities for us behind this. Next slide. So this, if you look is our current structure. So what we've got is a very nice vertically integrated structure and it opens new opportunities. If you click it again, you'll see that I'm here in Germany at Erla and I have a whole part of the presentation on Erla here. But it is an opportune moment for us now to take advantage of what is probably the biggest challenge in the aerospace industry today, which is there is no supply of forgings. We actually have the raw material, but we have forging industries in Europe that don't have people. So we are going to quickly pivot this business in Germany, away from automotive, as we've done in all our facilities in UK and in India. And we're going to do the same here. So we'll move to a marketplace that we understand better, that affords us better margins and that delivers us long term growth. The second element is what you see on the right. As we are looking at opportunities for growth, there is definitely a global pullback. So we were part and big beneficiary of globalization. People went to far off best value countries looking for opportunities to gain value. Now, we have a very good relationship with our customers. We are the Sustainability Award winner this year. It's the highest award Airbus gives. So out of 12,000 suppliers. We're also spotlighted, as I shared in the balance sheet, by Boeing as their resilient supplier. Bell, we're their highest performing global aero structure manufacturer. But all companies are now looking at securing closer to their production, manufacturing. Now with this demonstrated excellence, again, I'm going back to the Indian IT enabled services delivery model, which is offshore, onshore and near shore. There is a potential that we will move and we have already started moving some of our engineers, including our workers, between our European and Indian plants. So we will completely make our workforce mobile. So it may not even be located geographically enough facility. We may actually go and start managing and running and adding manpower into our customers facilities very similar to the Bangalore



software success story. So I think you're going to see this over the next three, four years and you will see revenue streams coming out of this. But we are going to actually get deeper and closer with our customers as the solution provider, not just a company making cheap products in a different part of the world. The next slide, please.

So this is a very interesting thing. As you know, over the last few years, we divested of our automotive facilities. The quality of asset creation has been very good. So if you look at when we sold the two foundries in Chennai, we brought home about 120 crores of cash, which was the full value of the fixed assets. We also lowered our capital employed in the form of working capital that we were using those businesses that weren't generating money. But most importantly, we retained the subsidiary, the JFTL shell that had generated losses, that is now a wholly owned subsidiary renamed Dynamatic Manufacturing Limited. And we are housing our more skilled part production, which is short of the assembly, the detail parts production into this. What is very interesting is now we're offering direct parts. And you know, I think within the next very short period, we should start getting, and I think you will not have to wait very long. When I say not very long, not even a month, we will get some very significant global orders. So I talked about the Boeing aero structure order, the Airbus, you know, door order. Now we're talking about getting high volume of detailed parts. And what we're doing is we're talking to three major global customers to move back production to us and allow us to do engineering. Let me go to the right, one more slide on the right please. Now, if you see it's not just making parts and why this can't be done by somebody in India, anybody in India, or China. Firstly, they're not going to go to China. But where we have demonstrated skills is that a lot of these aircraft have legacy data 2D data. What we've got is an demonstrated model of being able to reconfigure, digitize and remanufacture this in a better cleaner way with greater fidelity to the design. Go to the right again, please. Next slide.

You will see, in addition to that, toolmaking. I talked about the jigs and tools. We're able to full the entire cycle of engineering. Now, a lot of you'll wonder what happened to us in the last five years or last seven years. Our performance was actually a lot of this learning. As we go forward, this is going to suddenly unfold into a very massive opportunity of direct parts. I'm talking about really hundreds of 1000s of parts per annum that can come over time and be made by us. Next slide, please.

Now, I come to Erla where I am. If you look at this facility, it's an incredible facility. Makes high quality castings for BMW, Daimler, Audi, Porsche, Maserati, really high quality performance parts. The challenge with this is, we were expecting and why this was, we were expecting a gradual electrification of cars from in the late in the mid 30s. And over this decade, we were seeing a massive and we have because we are again, a sole supplier, we were working on data given to us by the OEMs. This was the decade of turbocharger, where cars would go not only being turbocharged with one, but they would have two and three turbo chargers per car. And we specialize in the products that go into turbo charges, the castings that go into turbo charges. In 2015-2016, where we had Dieseltgate, where one of the big customers. Volkswagen was caught with some cheap devices and that changed the world. And with that, what happened was this electrification accelerated. Now it's a funny thing. It's not that electric cars are super clean, they actually take, they do, they're devastating to the environment. Lithium ion to make the batteries, it's very devastating. And the power has to be generated somewhere. You're seeing what is happening in Europe, price of electricity has spiked up. So you know, actually somebody who bought a car, electric car thinking it was going to be cheaper than diesel or petrol. Next year, his car electricity bills for the car gonna be two or two and a



half times the cost of petrol or diesel. So I think they've done this. But look, for us we've made the shift. This moment where we've seen challenges in automotive industry, are massive challenges in aerospace. And the aerospace industry affords us greater opportunity in terms of a margin business. Now, if you look on the right, you see this facility. It's a really world class facility in the Ore mountains of Germany. To get a facility like this with 350, highly skilled German metal workers, with full environmental clearances, with high power connections, with hot metal capacity, you wouldn't be able to set it up today because you wouldn't get environmental clearances. None of these kinds of forgings are something that they want to do in China or Asia. They want to do it in the West. They want to do it in Europe or in North America. So as we talk to our customers, they've all been delighted. They're actually chasing us for plans, details. So if you go to the next slide, it's our good karma. This is aerospace certification, as we shared with you all for the last two years because of covid, there was a delay. But in February this year, as soon as we could start flying quality auditors, we got this facility qualified under AS 9100. A week later, Russia invaded Ukraine. So it was amazing timing. And if you go to the right, next slide. You see, this is just a couple of days back in UK. These are titanium and aluminum forgings that are delivered to us by a customer, they're free issued to us by our customers and we then machine them, we assemble them and we give them back the complete flap track beam assemblies. Now, the interesting thing here is the customers are unable to build aeroplanes because they are unable to get these parts. So what we have proposed is that we are starting with forgings that come within our requirement. The same family, the same size of product, there is a huge addressable market where customers are also facing problems. So we're actually working on a project right now. In fact, I'm with Dietmar and the team here specifically focusing on this pivot. Next slide please.

We are working with a few. You see the other advantage is the best forging equipment makers are all not far from here. This is the hub of metallurgical capability in not just Germany but across the world. So, the world's best forging and casting machines are all made not far from here. So we are looking at working with these suppliers on turnkey products, where we actually get a fully assembled, ready line for manufacturing our castings and forgings that are required for the aerospace industry. The next slide please.

And you will see that we have a small roadmap that we are working too. We will start with products that are already giving us pain, be a solution provided to the customer. And then within the same family expand. The next slide, please. So this requires, if we just stay with the forging story, it requires a little bit of assertiveness on our company's behalf. We will have to really reorganize, restructure this business. But the idea is that in Germany, there are a lot of enabling provisions, a lot of enabling laws, when companies are, when companies have a very clear plan. There is a very enabling system here to assist us. A lot of us look at the way you know if you were running a foundry and in let's say India, it would be very difficult to work with the unions, work with the locals. Here we can actually work with a court system that can give us all these easements in 90 days. So we're working on a plan to completely transform the facility here and be a little aggressive on that. Now, one of you know, like I said, our shareholders' views are very important to us. There was a very good view, a good view is that, why are we not splitting this business? If you just keep the aerospace and hydraulic business as we have, it's more valuable than with this asset in it. And it's true. But the opportunities here are very incredible. What is interesting is we are working with our auditors on how we can park this asset while we restructure and reorganize it. So we have the value creation that doesn't get delayed further in the other businesses. So we will get back to you on that. But I'm just



saying there's a lot of thinking that we've already put into it. There's a lot of effort that we put into it. And we're in the process of finalizing the entire aspect of it. So we will share more data here. But I just wanted to share that while the situation post this war is certainly bleak, I think because we had started this idea of moving it away before, we already were ready for it. And in fact, the bleakness of the scenario of the situation around us, enables us to have these conversations with our unions and everybody here and they will all be really delighted because this is an opportunity to completely change the way we work here.

Now, let me look at the growth stories. We had some very nice questions sent to us on why the UK aerospace business wasn't performing over the last couple of years. Now, if you look at this, the flap track beams. All the parts are machined in the UK and they're assembled in Bangalore. Now in Bangalore, we also have defence business. In UK it's literally all or 90% civilian and with the covid depression in civil commercial jet market, they had depressed sales. If you'll just click once please. You'll see what we've done during this period. We talked about this, we've shared this data. The original design had over 200 parts. We worked with the customer and have monolithised the manufacturing. It is now less than 20 parts. And what it does is it makes us more than just a good supplier, you become an engineering partner for your customers. The next slide please. You see this now is a small video which will show you the hybridized manufacturing. This is at the Bangalore airport where we have very highly trained craftsmen assembling the parts together.

And look in UK, we have these robots, which were lying idle for 18 months. We were bearing the cost of this for 18 months and they weren't being used. So I think, we've actually come through the covid very well.

Also, by machining it in UK, not only do we get the advantage of very advanced robotic manufacturing, low cost of capital, but we're able to recover the swarf. Roughly 90% of the metal is waste and we are able to get the value of that metal. Also, by doing this, you're getting the buying power of two of the top five economies in the world. So for our OEMs, they are also interested in how their procurement footprint lies, in countries where they sell aircraft. So we're able to get that kind of market power. The next slide, please.

So if we come to the end of the presentation, we are seeing how we are seen by our customers. We're no longer seen as an Indian supplier. We are seen as an Indian origin, highly innovative, highly agile company that's willing to produce globally. So like I said, typically companies that do this are very big. You won't find companies at our scale that globalize and then grow. Most people grow and then they try to globalize, it's a little more difficult then to globalize. We've already been through that. The next slide, please.

A very good question we had was why we haven't grown over the last five years? We've actually grown. What we've done is we've been divesting of businesses that we didn't want, we've been stripping out and converting assets that existed in a certain business and used it for more higher value added production. So if you look at what we said, five, six years ago, or 10 years ago, we said, the automotive business is like दूध like milk, the rest of the business are like cream and we want to make the business richer. And you can see that, under the surface, there's been a very significant change. And it is exactly what we talked about in the first half of this presentation, the growth area. Now the green area of it, which is the metallurgy part. We're not looking at phasing the automotive industry anymore. We're looking at using metallurgy for aerospace or any customer who's willing to pay for an innovative metallurgist, just like our other businesses, exactly like in hydraulics also. We're not making commodities for anybody, if somebody tells us that you're selling something and is one kilo of



aluminum and one kilo steel, and therefore you should, we don't want to do business. We're giving them IP, our valuable IP, our valuable R&D, our valuable capabilities. And that's what basically delivers value to us as shareholders. Next slide, please.

Yeah, so if you look at this business, if you see us, if somebody had invested in this business two decades ago, if you'd invested one rupee, you would have had 153 rupees today. So if you look at us over a time, and this is something that I did share earlier, is that we are a business that is growing across time, it's you, it will go like this, it will not grow up in a straight line. I think we're entering into a zone where we're going to benefit. One of the challenges of the last five, six years. If you go to the next slide, just click the next, is that in 2015, we won those three amazing orders from Boeing and Bell and Airbus. We had a new government, we had market euphoria. And one of the awards was announced by the Prime Minister himself and our stock market ran up. So actually we got the awards. It put us into the challenge of developing the business, which takes four, five, six years in aerospace. That's behind us. But over the last four, five years, we had to deal with a euphoric situation where we had orders but we had to execute. I think the market ran up. People who invested in this business in 2002, or 2005, or 2010, people who invested across time have done very well. As I said, they have multiplied their money 153 times. People who invested in this company at the euphoric period would have seen a dip. What I'm seeing now is that the good work is there, a lot of people actually bought on the dip. So we had some good shareholders who had bought earlier, they said, the price is really crazy, they held on to their stock. When the markets corrected for us, they went and bought more stock. I think we have to look at this business like this. I have personally sold stock five times in the last 35 years. And I've sold stock only where a banking covenant has forced me to do it, alright. Because I also give guarantees for this business. Keep going. Now, I think, as I shared earlier, we are in a sweet spot now. We have executed well, we've been recognized as best of breed and best in class, worldwide on some of our deliveries and in the processes that we have in sustainability reliability. And there's a huge opportunity of addressable markets for us to double up, treble up over the next decade or quadruple up. Next slide, next please.

The hydraulics business as you can see, the wallet share strategy is really working. We talked about this two, three years ago. I could see at that time, you know, when stock price is down, people are more cynical, but the reality didn't change. And you can see the results, you can see it actually in every quarter and you'll continue to see it in every quarter. The next please. And then the divestment of the auto assets have improved the ROCE. What is also interesting is 10 days ago, finally we got the government order has been signed on the wind farm. You see, one of the challenges we had was we had a wind farm that used to power our foundries in Chennai and the wind farm was in Coimbatore. Now the beauty of it is it's being repurposed as a defence park. So, it is going to become the defence park for the start of the southern defence corridor. The challenge dealing with governments and when you know, companies like ours, which are 100% compliant and correct and ethical in our dealings, it takes time. Now, we also had the covid pandemic, we had a change in government in Tamil Nadu, we had elections. But this kept moving forward, they finally, they'd done the valuation eight months ago. And they are going to buy 370 out of our 445 acres, we will have about 70 and odd acres left in the defence park, which will also become very valuable equity that will become our most valuable. This 70 acres will be three times the value of the 125 acres that we sell and the 450 acres that we sell, the 370 acres that we sell itself is a very highly valuable asset because and we're going to use that entire amount for just reduction of debt. So we're trying now to close



this out so that we can jointly approach customers during DefExpo, which is in October next month. So we are working on a MOU to cooperate with TIDCO, which will develop the defence park and where we will then approach defence majors across the world that are interested in investing in India to invest in this park. Of course, they will be developing the park. Customers who we know if they want to do JVs with us. We have 70 acres of very valuable land to do JVs with and of course our debt will come down. And I think one of the benefits for current shareholders who may have not done so well in the last four, five years. They'll benefit from the investments of earlier shareholders through this divestment. I think it will come good for you all. Next slide please.

So, if you look at it, one of the other very interesting things is while we developed this whole thing, we have retained a very small equity base. If you look at companies that have very tiny equity bases, you can have the ability to have capital appreciation of the share. Very tiny improvements in bottom line have a profound impact on the PE ratio because our equity is only six and a half crores or less than six and a half crores. So next slide please.

A lot of people talk about the debt of this company. I do want to say that we didn't grow this company through equity, we grew through debt. We wanted to build a business, which was a large business from a very tiny business. We could have raised equity and there would be no opportunity for equity holders today to have equity growth. Part of the reason why we have this benefit or advantage is as we mitigate and get rid of the debt, the value is there. Next slide, please. So we've all the assets, a high quality. We never blew up money. The business now generates about 200 crores of operating margins. So it's a very valuable business in very exciting fields. So that can become a very valuable business as soon as we move forward. The next one. Yep. You know, a lot of companies in the last decade you saw which got caught in debt traps. We have a very rich business, it was funding and financing this debt fueled growth. We've never defaulted in anything, we've always been perfect and compliant. And actually, when you have equity, a lot of these companies, which are unicorns today, they're just burning cash. When you borrow money, it builds a fiscal discipline. If you're doing a project and it has to be done in 12 months, you'll do it in 10 months. It's exactly, in fact, one of the drivers for business excellence is the fact that you have to deliver to your bank on time. Right. The next clip, please.

All the bank loans were guaranteed personally by me. And as I said, the only times I ever had to very regrettably sell shares, I mean, if I have any spare cash, I always have one piggy bank, and that's this company. I only buy stock in this company, I have no other stock. And I'm very reluctant to sell stock. So there you go. Next slide, please. And with that, I just want to thank some of y'all who wrote to us and gave us some questions in advance. I'd be really happy to take any questions that you may have. I do want to thank the shareholders for your patience. I also do want to thank all those people on the management team and the Board who have really helped steer this company as we globalize. Thank you very much.

Chairman: Thank you, Mr. Udayant Malhoutra. I now request the company secretary to explain the sequence of the meeting and the process of voting on the resolutions placed before the members. Over to you, Mr. Shivaram.

CS: Thank you Chairman. The Companies Act 2013 and SEBI listing regulations provide for electronic voting. Accordingly, the company had provided its members the facility to cast their vote through the remote electronic voting system administered by KFin Technologies Limited.



Facility for voting at the meeting is also provided for members present here and who have not voted yet. Members may please go to the voting page of the KFin Technologies Limited E voting website and cast their vote while at the same time watch the proceedings of the meeting. Company has appointed Mr. Ratish Tagde, M/S Ratish Tagde & Associates, company secretaries as the scrutinizer to scrutinize the votes cast at the meeting and through remote E voting in a fair and transparent manner. Since the AGM is being held through video conference or other audio visual means and the resolutions mentioned in the notice convening this AGM have been already put to vote through remote E voting, there will be no proposing and seconding of the resolutions. Thank you. Over to you Chairman.

Chairman: Thank you Mr. Shivaram. I now request representatives from KFin Technologies Limited to call one by one those shareholders who have registered to speak at this AGM. I shall endeavor my best to deal with the questions raised by these members. I'll be joined by the CEO and Managing Director and the executive directors who will deal with certain questions and comments which they are much better placed to respond. Thank you.

Moderator: Thank you, Chairman sir. Now I call upon the first speaker shareholder, Mr. Jeelani Gulam Mehroob Shaikh to unmute the audio, switch on the camera and ask the question please.

Mr. Jeelani: Good morning sir. I'm audible?

Moderator: Yes, sir. You're audible, you can continue sir. Thank you.

Mr. Jeelani: Thank you for the opportunity. I am congratulation the Management for the excellent presentation. More of my doubts were cleared during this presentation itself. I have a very few questions to ask. We have certification in hand. When we will our Erla facility will commercialize the forging parts of the aerospace? And what is the opportunity size of these forgings? I want to know. If it is fully operational, how much it contributes to our top line as well as bottom line? Second question is regarding our homeland security business, regarding UAVs, unmanned aerial vehicles. Is there any income from that side also? Is there any progress in that area? I want to know and as usual, the company's very, progressing very nicely. I want to just clarify. And also one Swindon facility, I have. Yesterday, I have seen that they are also in the process of developing forging steel and platinum forgings. How much time it will take to shape up that facility to that? Thank you sir.

Moderator: Thank you Mr. Jeelani.

Mr. Udayant: Mr. Chairman, may I suggest that we answer them every shareholder individually before otherwise, it may get lost. These are very easy answers that we can give.

Chairman: Sure, absolutely. Please go ahead.

Mr. Udayant: Mr. Shaikh, thank you very much for your questions. The Swindon facility was actually they don't make forgings but they machine the forgings. And we had the CEO of Erla, as well as Mr. Dietmar Hahn, who's the chief mentor, he is the former CEO. He's focusing only



on the forging production, the transition. So we had him and Enrico Fischer down at Swindon, over the last two days and we had all the forgings that are part of our requirement, which are free issued to us. So just what is free issued to us is roughly 152, 180 crores of rupees. So if we look at that as the core, we could potentially build a business in the next four, five years, which is four times that size. So if we look at 20 million euros as internal consumption, potentially, we could build a 80 to \$100 million a euro business over the next five years if we get this absolutely correct. Now, how long will it take? We have existing contracts that we would have to pull. There are certain customers that we would continue producing, because they are really good customers and some we'd reduce and we would put in the new lines. So it would be a transition of maybe six or eight quarters because aerospace itself has a qualification process. But given the challenges of the industry, aerospace industry today, what normally would have been almost impossible, no customer would have moved forgings. Now there's a need, they will do it fast. When I say fast in aerospace world, one year is almost impossible, maybe 15 months is super fast. And I think we should be able to get those qualifications. So it's a period. That's how we will work it. I think that's your biggest requirement or the questions were regarding the forgings itself. Thank you.

Moderator: Thank you, sir. Now I request the next speaker shareholder, Mr. Jaiprakash Agrawal to unmute the audio, switch on the camera and ask the question please.

Mr. Jaiprakash: Good afternoon, I would like to thank the Management for their great effort and the great presentation. I have a few questions. The company has been developing and spending a lot in the unallocated division. So I just wanted to know what is your expected timeline for the commercialization of those products? And how big is the opportunity related to them? My second question was related to the land sales. But as you're already given us the information. Like by when we can expect the repayment of the loan from the money we get from the land sale? Third was regarding the rising energy cost in Europe. How is that affecting us in our Germany and UK plants? And what are our plans to mitigate those risks? Are those high energy costs passed through? The next question was regarding the hydraulic segment. Sir, as you have already explained we have developed wide variety of complementary products along with our pumps, which are going to increase our wallet share. What is their percentage of revenue as of right now? And how it is going to increase? What is our order book in the aerospace division? And what is our capacity utilization in that? And can we also request the management to conduct more con calls during the quarter? That's it. Thank you.

Mr. Udayant: Mr. Agarwal, thank you very much. So your first question was regarding the unallocated costs. So as you know, we also have teaming agreements with some of the world's leading large defence companies. What we have declared earlier in the balance sheet was Israel aircraft industries. As they come to make Herons in India now, you know, we have been part of the Prime Minister's meetings on the defence transitions. Both Israeli India, the whole industry to industry groupings. And we always expected that this would be earlier. Of course, defence is a slower program. There have been expenses that we incur and we write off every year, so we've not capitalized any expenses relating to that. When the government places orders for UAVs, we will be a very big beneficiary of some of these larger UAV programs. In the meanwhile, we're using all the R&D and engineering capabilities to develop the agri drones, etc that I talked about and I shared in the presentation. So that is one.



The second is I did mention that Government order has already been signed, authorizing the acquisition. So there's a very detailed procedure that goes down to, I mean, land acquisition is an art by itself and we are being educated. You know, honestly, everybody tells me that when you know to ask the shareholders, we are very impatient. But they approached us first at the Air Show in 2019. Then 2022 and we've had two years of covid. So when I talk to the government, they say listen, Toby, this is the fastest acquisition that because we are also keen on the defense corridor, there's nothing but there is a certain process. They go to the Tehsildar, it goes to the collector, it goes back to the Tehsildar. Farmers are, it's not just us, there are the farmers, 1000s of farmers who are, who complain and who don't complain or agree to sell their land along with us. So it is, the fact that we have a government order we have the valuation there. And they have a very fine company, you know, TIDCO is the richest financial cooperation in the country. It's the largest shareholder of Titan watches more than the Tata Group, just to give you an idea, they own over one lakh crore worth of shares. So they are a really rich, competent, professional organization at the state level, which is tasked with developing the southern defence corridor. So I think that, now that the government, the difficult part has been done, they obviously want to present this to the global defence industry at DefExpo, which is at Ahmedabad, next month in October. So we will have to now you know, literally seal the deal, so that they can go and otherwise they don't have a defence park to offer. You can't offer something that doesn't exist. So we're all trying to create the situation where we can go together, Dynamatic and also talk about how are we bringing scaling in the ecosystem of their to some of the larger players because that's what we've done in Bangalore and we're giving that as a case study that will happen in Coimbatore.

You also talked about the rising energy costs in Europe. So most of the costs are pass through and where customers don't pass through or don't accept we are very, very brutal. We go into the contract and we say look, this is unacceptable if you're not willing to. So, we are very business-like about this. Now, coming to the long term perspective. See we are, I have been the CEO of this company for over three decades. I have struggled with electricity problems in India, part of the reason why we've had a wind farm is in Tamil Nadu there was no power you will live in, I mean, you know, you see the challenges that we have. And we run businesses 24 by seven. So we understand how to run in a environment where you have hostile power situation. So if need be, we'll do what you never imagined you do in, what we do in India, is we'll put in a diesel, electrification genset and run it and run our plants. We have three four megawatts of standby power in every facility of ours in India. I never imagined that the day would come that we'd have to do that in Europe. But if electricity costs have doubled, it's cheaper for us to to run it on gensets. And we will do it. And it's not a very large investment to make to run these large facilities on backup power. And our backup power is really very high quality. So I'm not worried about what we read in the papers because we have solutions for them. It just means that we have to execute it. The important part of it is that as I mentioned, the big opportunity is how we can take this moment of history to switch direction for us as a company and really create value. In terms of hydraulics wallet share. Roughly 20%, Arvind if you can correct me with the hitch lifts. Roughly about 20% right now is products other than gear pumps and roughly 80% is less. But going forward, just to give you an idea, the gear pump if we have the entire wallet of a tractor, the gear pump is 10%. So we are very large in gear pumps, very small in the rest but it's already accounting for roughly 20%. Right Arvind, thereabouts?



Mr. Arvind: Yeah Toby. It's roughly around that and if I can add the growth that you see Mr. Agrawal, very good question on hydraulics. The growth that you see is coming from increase in our share of business and the farm sector. We are adding new OEMs in the farm sector which is the Ad tractors globally, not just India. So we are consolidating our position with the tractor OEMs in India and also adding new OEMs globally. Wallet share, of course, that you talked about supplying products like a Gun Banentire kit to tractor OEMs and not just the pump. And also we're growing, we have developed products and as you saw in Toby's earlier presentation today, the second slide on hydraulics, which shows our order book in sectors like construction, material handling, mining and textile as well. The wallet share gives us a great opportunity. We are currently in India, about this year we'll consolidate. And when I'm saying this year, it is the FY 22, we consolidated our market share to 89%, which used to be about 74-75% in India. And that's on a product which is about 10% of the wallet that goes on a tractor. So we're looking at all these products that we've developed, we're looking at the balance 90% as well. So you can just imagine the kind of opportunity that we're looking at. Currently, it's about 20%. And in the next three to four years, we will be further strengthening our share on that as well.

Thank you.

Mr. Udayant: Thank you Arvind.

Mr. Arvind: Thank you.

Mr. Udayant: Thank you Mr. Agarwal. I really appreciate again your questions as well. Thanks from all of us.

Moderator: Thank you, sir. The next speaker shareholder Celestine Elizabeth Mascarenhas is not available in the meeting now. I request Mr. Dinesh Amrutlal Kotecha the next speaker, shareholder to unmute the audio, switch on the camera and ask the question please.

Mr. Dinesh: Yes. Can you start my video please?

Moderator: Sir, you may have to share your camera.

Mr. Dinesh: I have shared it now. I already shared it. Yeah. Good afternoon, Mr. Malhoutra and the entire Board. Sir, I was listening to your commentary of one hour which you shared in the PPT. I was just wondering, you know, for the last six, seven years, you have said that we have been through the learning process and the fruits of the learning process will come in the next two, three years. How confident are you about that particular statement? That is my first question. Secondly, because you know every year for the last seven years you have been saying two, three years and then it has been prolonged now to seven years. That is why I'm asking this question to you, there is a timeline gone. Sir, my second question is, you know, two foundries were sold in Chennai. One for 70.41 crores that is the JFTL. And the other was disinvestment of the automatic casting. Now, I would like to know, whether anything is still pending from that particular sale? That is the first question. And secondly, I would like to, you know, to make me understand that, you know, unproductive assets you said have been reduced or monetized. Now, any further unproductive assets are there, which



your management team has located, to be sold off or to be monetized for better cash flow? Thirdly sir, what feedbacks and suggestions were received in the previous year in the current year, from your customers, from your suppliers, from your shareholders for still better performance? And how are you implementing it?

Next question is, discuss the future business threats and how are we prepared to overcome those? Because, you know, there are seven companies which have come in the current year as public issue from Bangalore and which are going very finely expanding into aerospace. One being, I can just name one, Sansera Engineering. Now, there are so many seven or six companies have come, which are going seriously into aerospace. So, they may put a threat on our business as a competitor, severe competition. Sir, what is the major speed breaker experience in the current year and still needs to be put in place? And sir, I was just looking at your first quarter results. 136 crores we have achieved and the net profit margin has come down to 19% for the full year it was 24%. And the net profit has also come down from 39 crores for the full year to only five crores. Now, if I multiply five crores by four times then it will become 20 crores. That will be still half of what we have achieved in the current year.

Sir, our equity is very less. You have said that at an appropriate time we will look into the divestment of the equity into three different businesses or two different businesses and 6.34 crores is a very small equity for our company for so many years. Now, why don't you come out with a rights issue at a small premium for the benefit of the shareholders sir? I'm telling you this, why I'm telling you because last year our share price was nearly 3000 during the AGM on 16-9-2021 and this year, it is 2260 rupees today. So, we have also lost in the equity price by 700 rupees compared to last year's AGM and today's AGM. Now again sir, one more thing is there, I had requested for a physical balance sheet which has not been received. So, I request the company secretary to send me the physical balance sheet. I have a collection of your balance sheet from the time the tabloid type of, newspaper type of balance sheet you'd printed, your daddy had printed. And I had the opportunity to meeting you also and your daddy also, when I'd been to Bangalore earlier. Sir, very nice of you to explain the entire business prospects. And I really feel that you must be blessed now for, you have got all your plans in your mind in the next three years. Because next three years will be 50th year and 50th year we have a year of celebration. And it should be a big bang celebration for the company with good results, good dividends for the shareholders. And maybe you may think of some more benefits to the shareholders by way of bonus or by way of split or by way of both preferential bonus which can be redeemed if you don't want to increase your equity. That is one more idea which you can discuss. You can give preference shares bonus redeemable instead of increasing your equity sir, that will be a very good idea which Hindustan Lever had done so many years ago. With this, sir, I'm very happy to see the entire Board. And all of you look confident enough that you will really show good growth prospects in the next few years. And your dreams will be fulfilled, be blessed. All the shareholders be blessed, all the directors be blessed. And you also be blessed sir. Thank you very much. Jai Hind. And thank you, sir.

Mr. Udayant: Thank you Dinesh bhai. Thank you very much for your kind wishes. Firstly, let me tell you about the learning curve on aerospace. It's a decade long. For us it's a 25 year learning process and we're still learning. A lot of companies that are entering aerospace, I would be very wary. Okay, so I don't want to go beyond that. I have seen this story for the last 20 years. With the exception of the Tata Group and Dynamatic, there are no other companies that are producing to this scale in India now. Not in India and South Asia and in an integrated



way, we are deeply integrated in a way even the Tatas are not. So I would say that we are actually in a really sweet spot. As I said, every year, even today, I'll say, next two, three years, we are in learning curve. But we are now post covid, we are getting rapid orders. In fact, you see two orders we are already executing, that we got only in the last 12 months. The doors and the hatch and the fighter jet program. There are a lot more announcements of orders that will come over the next year. Over the next two years, you will see us executing. These are big orders. I'm saying every order is going to be a big order. When I talk about detailed parts, I'm not able to say it because it's imminent, but it's the biggest order we've ever got for detailed parts. It would not come if you had not passed through this learning curve. So it's a very big opportunity for us to now benefit from the and perhaps there's a delay in and suddenly you'll see how have we got it all so soon. And it's happening like magic. Actually, it's not, we were talking about these things for last two years. But because of covid we couldn't meet people. We were talking on video, we were working on workings and plans with our customers. Suddenly, post covid lot of these things are unlocking. So you will see a lot of activity happening in this year. And the next year that you will wonder how did this happen. But it's actually the work that we've done during the covid period. And it's just coming to us now. Alright. So it's a delayed kind of situation. With the foundry money that we sold, the two foundries that we sold in Chennai. The entire money has been redeployed either to repay debt or for growth capital, so we didn't have to borrow any money. And there's nothing the money that is going to come from assets is really the wind farm that used to power those foundries. And there's more than just the cash that comes in and reduces our debt significantly. There will be a significant amount. The remaining asset will still be our largest value wise, it'll be more valuable. The 70 acres will be more valuable than the 450 acres, once it's part of a defence park. So I'm just saying it's a very clever, correct and long term beneficial transaction that we're doing. And in a way it enables the sale of the first piece because also the government wants Dynamatic as a anchor with the experience that we've had in building the ecosystem before. We do have one more productive asset which I had never planned earlier. In the UK, we have the big facility at Swindon, we have a tiny facility at Bristol that we had originally bought 12-13 years ago, 14 years ago from James's family, who's our Global Chief Operating Officer. And it was a small business that we then grew and invested in because of the talent that they had. And that factory has now come up for monetization. We have a neighbor who wants to build apartment blocks, it's in the heart of the city and it's quite a valuable asset. And what we'll do is, it will give us growth capital for Europe, so we don't have to borrow any money. So the idea is what we're doing is we're constantly , we are not attached to anything. If it makes sense for the business, we will use it. If it doesn't make sense to the business, either we will re-purpose it for the growth area of the business or we'll just use it to reduce debt. That's it. Right.

Feedback from stakeholders. You have in the balance sheet that you've got, of course, you're gonna get a physical document. You have to give some time because they'll print it, they've, you know, now we print only five 600 copies a year. We have 20,000 shareholders, most shareholders want the digital thing. And I really appreciate. By the way, there was a very big debate with my father when I printed that tabloid. It's nice to be reminded of that. He said, Toby, what kind of balance sheet have you printed? And I thought it was innovative and our shareholders applauded us. And my father was quite astonished that actually shareholders like it. So thank you for reminding us about that. Now we have feedback from stakeholders as you can see. Bankers of course are very happy. We've been working for the bankers for the



last decade, not so much for ourselves, because we raised money from them, we repaid them and we paid them interest on time, repaid them on time. They are very, very happy. Our employees are obviously very skilled and part of the global workforce. So they are happy. Our customers, as you can see, all of them are awarding us new business, they're giving us awards, they are happy. So who's unhappy, it's just us. But eventually, we have to remember, as shareholders, we are the ultimate beneficiary of a good business. So if we keep other shareholders happy and build a great business, eventually the greatest value comes to us. Listen, I am not, I'm not running a charity here. I am with you guys suffering and struggling and on top of it, you know, struggling with the banks where I have to give personal guarantees, it's not a very happy situation to go through this. But to build a great business we have to take pain, you know and I think we clearly are now in a very good position. You have two businesses that are delivering 20% EBITDA margin plus.

Now, you talked about the last quarter, let me just give you a simple example. You know, to reduce the cost, we shared this with the shareholders, the shareholders approve this and agreed that we should take a large part of our domestic debt and convert it into dollars because most of our sales are in dollars. So, we actually self hedged. The only problem in the last quarter is you had a rapid decline in the value of the rupee. Now, when that happens, our business profits actually improve. But in that one quarter, you have a mark to market loss. Last month, last quarter, we had mark to market loss of about seven crores. So if you take that and add it to the announced profit, you had roughly 15 crores of PBT, almost 15 crores of PBT. I also want you to see that in the last quarter from the normal pre pandemic run rate in India aerospace was down by about 30 crores for the quarter. Which means a value added component of 17 crores. So I'm trying to tell you if everything was running normally, last quarter we would have had a PBT of 30 crores. You all have to be able to look at the business now, as shareholders you know it very well for decades. If you remember those tabloids, it's a very interesting thing. This will correct. In the meanwhile the other pieces of business are doing well. So as this corrects, you suddenly get into a business that you're earning, you know the 30 odd crores a quarter, you have a way. Imagine a business that earns over 100 crores a year. Suddenly you will have a very valuable business. If it's worth four, 5000 crores divided by six you will have a share price which is many multiples of what it is today. I'm just saying let us now I have to with the team focus our eyes and energies on making this transition happen, making all this happen, but we are in a very good position now. Okay.

So, you talked about threats of competition. Honestly, we are pioneers in this industry. We partner the best companies, best customers. Both Tata and Mahindra aerospace are co trading with us. In fact both of them are even our Dynamatic suppliers, not just customers we inter trade. So, Tata is a supplier to us, Mahindra is a supplier to us. I think it is probably the only company of our size where you have Tata and Mahindra as suppliers. I think you have to understand that we built a business which is a global tier one, whereas a lot of the people who are getting in are getting in with small parts this size, right? We make 1000s, 10s of 1000s of parts and then assemble them into very large pieces of aeroplanes. And, you know, just so you look at the global world view now with covid, with the war, with the financial struggles, actually, aircraft manufacturers are struggling with the supply chain. It's not only that, one of the things that they really frightened about is a lot of the global suppliers got bought out by PE companies. And these PE companies came and stripped out the talent and tried to extract money out of these businesses, a lot of them have collapsed or a lot of them are underperforming. Now that's a great opportunity for us. Because they're seeing an



entrepreneur lead professionally run business where you have all the professional capabilities but you have the agility and the passion and the long term thinking of companies like us. And I think this is why we are really in a sweet spot. Thank you.

Moderator: Thank you, sir. I request the next speaker shareholder Mr. Hitesh K to unmute the audio, switch on the camera and ask the question please.

Mr. Hitesh: Hi Toby, thanks for the opportunity. So first of all, congratulations to you and the entire team at Dynamatic for steering the business through these numerous challenges. I guess, consistently for the last seven years, we have been battling some external challenges one after the another. And yet, we continue to make progress step by step in our core segments of aerospace and hydraulics. And the good part is most of these external challenges has only made us stronger and fitter. So thanks for all the time that you gave when making the presentation. You already have the list of questions that I have emailed. Some of them are already answered, but should I just be highlighting the ones that you did not touch upon? Or you will take it one by one?

Mr. Udayant: Hitesh, Hitesh thank you very much. In fact, my presentation was very long, largely due to the very detailed and astute questions that you sent me. If I had answered them all, we would have been talking all morning. So I really left some questions for you, which I could then answer in a more precise and shorter way. But thank you very much, really appreciate it.

Mr. Hitesh: Thanks. Should I just highlight the ones which are.

Mr. Udayant: Please do.

Mr. Hitesh: So firstly, on the aerospace part. I think in the last AGM, you had mentioned about this investment that you've done in the monolithic capabilities. And I guess, September 21 is when we had thought we'll start the production of those revamped FTBs. Just wanted to understand, has that supply started? Because we don't see much of improvement in your margins in the second half of last year. And I think you've already touched upon, can we, can we, when the rampup happens, can this facility make 25% plus margin, which we used to make five years back? That's, that's on the aerospace part. And also on the current supply chain disruption that we see in Europe. How is that impacting our business today? Both on your business and cost structure front in India and UK? So that's on the aerospace part. On the hydraulics. Yes, it's good to see, you know, a significantly outperforming the industry volume and all our efforts to increase the wallet share with our customers is bearing fruit. Now, just a very specific question, if I have to look at two of your larger customers, which is M&M and John Deere. What is the wallet share you have with them today? And how much, well we do know how much it can improve, but at least what is it that you have today with both M&M and John Deere? If you can just broadly give an indication without compromising on your competitive position.

Secondly, is it possible to share the mix of hydraulic business today. From tractors how much do we get? From construction equipments and from static hydraulic applications? That's the second and third third is yes. So, we we have seen some hydraulic players well, they are not



necessarily into hydraulic pumps, but they are into other hydraulic equipment something which you are trying to get into them. And they make margins of 30% plus in India, so is there a room for India operations, the hydraulic India operations moving from 20% plus to you know, 30% kind of range. Should we successfully diversify into those ancillary segments of hydraulics? Next is on the capacity expansion at Bangalore airport, which you're currently undergoing. I believe this, you had earlier guided that this facility will be commissioned by October 2022. Are we on track? And what will be the incremental expenditure in the current year towards this particular plant? Second is, would it be possible to share the kind of cost benefits that we'll have in both aviation and hydraulics from this new facility? Besides, you know, the savings, the 10 crores savings on the rent and also the logistic front? Also wanted to understand would there be a need to ramp up your employee workforce given the new orders that you have won, programs that you've won and also because you're going to a larger facility. And if you can just share what is the kind of employee base that you have in your aviation hydraulics, R&D and also on the new business opportunities which you have been pursuing? Also wanted to understand that this investment that we are making, is it sufficient enough to take care of all our, at least recently won programs the larger ones being the Tejas Mark 1A and also the F15 X. And what would be the triggers for further capital expenditure and in this new facility? Yeah, so that's on your capex.

Well on the drones now. See, honestly I haven't come across a single player who has been, who has worked on drones such a longer time than you. I mean, I think you were first involved in the drone project with DRDO way back in 2000. And in the past 10 years, you have, I guess, if you're already associated with the best of best drone companies in the world. You also have a dedicated team led by Colonel Ravi, who is working on, you know, these new programs and we have seen videos of it on those drones that you have developed. But when it, you know, now when the government is trying to give a push to this sector by introducing this PLI scheme, it was very surprising to note that you haven't participated in it. I just wanted to understand your thought process and the game plan in this segment, specifically. Lastly, on the debt, you know, you did highlight that you are very close to monetizing this land parcel. But can we expect that to happen in the current year? Are you more confident than what you were earlier? And then we also have a land parcel in North Bangalore. Right? I guess we were using this for testing our drones. Can that also be monetized? Because you know, the debt is something which, good amount of interest outflow happens. 50 crores in a year we spend on interest. So, are you open to monetizing this land parcel also? And then lastly, just want to understand what could be our peak debt levels? You know, given all the expansion that we are undertaking and hopefully, if this monetization happens in time, where do you see this debt picking out for us? Lastly, you know, on your German foundry. You know, this year, you know, there's nothing much that you could do, because, you know, it's a problem that the industry is facing. Just wanted to understand what could be the drain on the cash flows that we could have from our German operations? So that is one. Second, you know, on your transition from automobile to an aerospace foundry. See, this particular foundry at once used to do a revenue of 800 crores and margins of 8%. Now, I was looking at couple of global peers who also make aerospace castings. And they make margins anywhere between 15 to 25%. So is that number something which even we can aspire for once we have this transition going in? Would there be any incremental investment needed, you know, in terms of capital to really get this transition going? Yeah, so broadly, these are the ones which probably if you can throw some light on. Thanks.



Mr. Udayant: Hitesh again, I must say, you know, you sent me an extraordinary set of questions. I have to appreciate, you know, this is the kind of shareholder interaction we really enjoy, because it benefits us. So let me start right at the back. You know, you talked about the addition. The land parcel in the north of Bangalore is a farm, it's farmland. It's not of the same kind of value that we have, it's very valuable to us as a research firm. And as the outer, the bypass comes up, it will become a potentially not just R&D, but potentially a manufacturing centre for us in future. But right now, it's insignificant in the larger scheme of things. Our intention is to get debt free in the next three years, 24 to 36 months. In our modeling, you see, what happens is that if you don't use debt, you don't ever get to a situation where you can build a large business on a narrow equity base. And the question is, as long as you use debt, debt is a parasite. It sucks up. And that's what you've been seeing. So it's a basic fundamental of financing, as we reduce the debt, partly through non operative means, by divesting of this thing. The second thing that happens is that when we move to the aerotropolis and give up the old Dynamatic park, it also reduces our debt because in the new accounting standard, even leased assets are shown as debt. There's actually no debt. We don't owe once we get out of there, we'll save 10 crores of interest of rent every year, but we don't lose. There is no end of term payment that we have to give to the bank or to the landlord in this case, but it is capitalized on the balance sheet as some amount of debt. So, you will see that our debt will fall quite precipitously as soon as we do this. But going forward, we will benefit from two things. One is of course, you reduce your debt immediately by a 100 crores, you save 10 crores of interest. You get. upgrade, our rating agencies are already on a positive waiting for this event to happen. You will see another maybe one and a half 2% reduction in interest rates for the balance debt. So you should get another five crores of savings. So about 15 crores you will save every year just by doing this transaction. Now, when you save that you also accelerate, we don't need the money. We don't need to deploy, we've got enough cash in the system out of our operations to grow the business. So we will accelerate the repayment of our debt. So in our modeling, we're looking at being debt free, actually, in the next two and a half, three years.

You talked about the drones. You're very right. We're you know, it's not 2000. We started work with DRDO in 1993 with Lakshay and so we've been completely pioneering this. What is happening right now is there's a lot of I'm actually a member of the drone committee of the Ministry of Civil Aviation. You know, a lot of, we don't want to put our name in, you know. PLI, it sounds great companies are raising capital, they want to, there's a lot of fluff happening in the industry right now. There's a lot of euphoria about aerospace, defence and drones. What you see in Dynamatic is what you get, is the reality. And we are not trying to pump up our share value by giving stories. And again, people will get disappointed and they'll blame the management. The reality is the reality. And so it's there. We as I said, we have a lot of technology and capability inside the company that is perhaps greater than a lot of the companies you read about. What we're doing is, we are waiting because there's some defense requirements. The moment the government places an order, suddenly you'll ask where did this large order come from. It'll have come from that decade of investment that we've made and it will be a very large order by itself. So we're just waiting for that. On the Tejas and F15 EX, we have whatever we are building, just to give you an idea, we are building, we have deployed about 54 crores of capital in the aerotropolis complex. We are inaugurating the Boeing hangar on November 2nd and 3rd because that's when our guests from Boeing will be visiting us, a very senior leadership team. But we are on track for, you know, for the facility to



be ready in October. As you know, Bangalore has had heavy rains. So it's very difficult to deploy construction equipment on any site. But even with that, we've been working 24 hours. We shut down for a week when there's heavy rains. And then for two, three weeks, we run 24 hours and construct. And so everything's on track. And we intend in the first quarter of next the last quarter this year, first quarter of next calendar year, to completely get out of where we are and start benefiting from the rental savings. Why are we doing that? We have a running change. We don't want to move out in October and you know, there are customer related qualifications etc. So you've given it a few months, so we don't have a situation where they have any risk of unqualified processes. So we've kept a buffer in there. So, you will save in addition to rent of about 10 crores a year and interest of about 14-15 crores a year. The moment you move from two campuses to one in India you will save roughly a lakh of rupees a day, which is about three crores a year of efficiencies. In UK once we shut down Bristol and move everything to Swindon, you will also have some savings which I'll request James to talk about. Coming to James. James, I'm going to request you to switch on your mike in a moment. You see when we talked about the aerospace monolithic Hitesh, if you see the last quarter, you will see a big jump in the profitability of Dynamatic Aerospace UK. And they had a 17% EBITDA last month after, you know, literally two years of no EBITDA because we'd literally mothballed that brand new, most expensive robotic line that we showed you video of earlier for monolithic production. We are actually operating at record levels now. So it's improving every month, the machines are performing very well. James, if you can just, you know, unmute a bit and just in a minute or so give a flavor of where we are, how we are targeting to go back to 25% margin range in the UK.

Mr. James: Yeah, thank you. Thank you for the question. So the backstop with the monolithic on delivering back to the cost of capital. So over the covid period, we had to re modernize our Swindon facility for the monolithic project. So we had to first re modernize the factory, which included new foundations and basically building a new factory within. So we did this through the covid times and we had new automated machinery. Now, we did promise in September 21, to be at 48. Now, we actually did hit 48 in September 21, which was right 30 at the time. Unfortunately, with what we've just explained in our presentations today that the supply chain around us, actually, there was a great shortage of material. So although we hit all our milestones from our quality for our customer and deliverables for one month, then we went into a material shortage in December, January and February. And as Toby saying, you're actually seeing the results now from the material now stabilizing coming into the supply, coming into our factories, you're now seeing record months that we've had, over the last three months. And that will only continue going forward. So the monolithic project was a very strategic move for the UK aerospace sector in the UK because it was very technical part, it had very deep pockets. The industry is going down a split road, where there's a lot of parts that we're making composite, that have very deep pockets. Composites are very good, but it's also very expensive. So we're looking at different ways to actually make parts. So this is where the monolithic project actually came in. And it was the first project that had been done with Airbus on something called diameter length. So diameter length is actually the diameter of your cutter over a length. So there's a multiple of over 14 to 20 deals on some of these parts. So normally, you can't do that in the industry. But we have cracked this process, which isn't by us. So this actually opens up more opportunities in the future for parts like this. So as and when we are building our assembly shops in India, we're also building our automated lines in



the UK, very focused. And you will see what we're saying here, very focused about the material that we obviously refurbish a lot of our material back into swarf. And with the idea that we have with Erla and making the forgings that can be recycled back. So we want to do self sufficiency where we can actually look after our own destiny by manufacturing our materials, as well as margin manufacturing, the components and assembling the both. So when we talk about upcoming people in India it was Toby's explaining that, you know, you're talking about parts that are small parts and Toby showed mike's, computer mikes. These are the types of components that people are talking about, but we are on a much higher level of larger structures, which have a lot of these small parts that go into it. So we're not focusing on our competition. Yes, there's always competition in the world for any manufacturing sector. But as explained by Toby, this business takes over 10 years to even get a stable platform before you can actually start producing the long term type contracts that we have in place. So we are on the right path from the balance sheet, technology and now what we're working on is to supply chain to our factories. Thank you.

Mr. Udayant: Thank you, James. In fact, the monolithic parts. You see also Aircraft are going into something called FSDA, the full size determinant assemblies where rather than parts being made and then joined very carefully and with artisans that they should actually be like lego parts that just fit together. So Boeing has done, you know, we are one of their first companies in the world to get approved for FSDA. It's actually because of the experience that we've built over the monolithic product for Airbus. So I'm just saying everything we do opens up new doors. And therefore, you're already way, way ahead of any potential competition that we're seeing out of India. And look, we don't fear competition, the market is huge. It's a few, you know, the supply chain for Aerospace is \$250 billion in total of various things. And so we have to just focus on getting our piece of it. A very astute question you did ask and obviously you've studied the margins of aerospace metallurgy companies. You're very right. You know, I answered a question for Mr. Shaikh earlier, when he said, how big will the foundry be, or the forging shop be? I basically talked about us getting back to a 100 million euro of metallurgical products, but instead of castings for automotive, I said in the next few years, our target and again I'm saying this openly, our aspirational target should be a 100 million. How do we get there? Well, there's 20 million that is free issued to us in our own supply chain by customers. So we start with that. Once you create that capability, that same family size of titanium and aluminum forgings, we should be able to get from customers 3x 4x of the volume with other failing suppliers. So if you look at that, we should build a \$100 million business aspirationally, which is what I said. I agree with you. Instead of 8% EBITDA margin, we obviously are targeting a much richer, EBITDA margin. By the way, forging is not a forging, a forging is a forging. But once it's qualified for aerospace, you actually are making something very low volume with a high customization and therefore your customer will pay you a fair value for the work that you put in. That's why you have better margins, not a commodity. So that's our aspiration. You talked about the disruption of supply chain in Europe. You'll see that we are actually trying to play to our advantage. James, in part, talked about it as well. When we talk about hydraulics. Arvind, if I can request you, there were two questions asked here or three questions. One was hydraulics and of course, Hitesh, I'm sure and I leave it to Arvind to determine what information we should share, because we do want to share everything with you. But this video is going to go up onto our investor website. And obviously, we don't want to give information to our competitors. We will call all our shareholders. You all can seek an



appointment, come over. Please visit us, please see our facilities. We will arrange a shareholder/analyst day when y'all can come. And I think a lot of these questions are probably best asked but Arvind will answer to the maximum that he should for all our benefit. Arvind, if you could just share hydraulics, Mahindra & Mahindra, John Deere, what is the wallet share like? Give them a sense of our share, the mix of our business, our hydraulic business and when you benchmark competitor margins, what are the potential for us to improve our margins?

Moderator: sorry to interrupt you. Mr. Arvind Mishra is right now not connected with us.

Mr. Udayant: I think he's dropped off. He is in Swindon right now. So let me try and give you because I obviously prefer Arvind to share that. In Mahindra and John Deere, we supply them both just the pumps. In Same Deutz Fahr which is Lamborghini, Hurlimann, Same Deutz we produce the entire hitch lift and largely that entire hitch lift, which is the most expensive part of the tractor wallet share. Although it's really one customer, it accounts for 20% of sales. We have millions of parts to other customers and not too many here but it's very high value. So I think if you're able to convert any of the bigger tractor OEMs, we could multiply our share, our sales value. Like I said, hydraulics is 10%. The hydraulic pump is 10% of the tractor hydraulics, but it's the heart of the system. It creates a pressure for everything. So if you make that you can actually, you have a foot in the door for everything else. So all

Mr. Arvind: Toby, am I audible now?

Mr. Udayant: Yes, you're audible. Why don't you answer ? Do you have the three questions, Arvind?

Mr. Arvind: Yes yes. Unfortunately there's some problem on my video but it's good that I'm back with talking to you.

Mr. Udayant: Yes. Okay please. Hitesh, let Arvind take those questions. Thank you.

Mr. Arvind: Right. Thank you, Toby. And thank you Hitesh. What a bandwidth of questions that you've asked us so thank you for that. And I would also like to include answer to one of the questions that Mr. Dinesh had asked, Dinesh bhai had asked earlier. So starting with, Hitesh your question on the wallet share. The wallet share, let me define it. The way we look at it, it is the wallet share per equipment. That means the share of hydraulics that goes on an equipment and it's wallet share of all the equipment that an OEM makes. So this year on the wallet share per equipment with these two large OEMs that you've talked about, which is increasing our share of hydraulics that goes on for equipment, we would be roughly about five to 7%. And wallet share of all the equipment that they make that means getting on board, the equipment that we were not supplying earlier and they were in development phase, the combined contribution is between 15 to 17% of our revenues. You talked about the challenges on supply chain and this was also been touched upon by Hitesh bhai and I think we are very strategically poised. We have a global presence in India, in UK and United States. And we actually very nicely hedged to be able to switch from one region to another region to be able to switch from one supplier to another supplier in case of a challenge. And actually what most



of our competitors would find it as a threat is a unique opportunity for us. And this has been another contribution, another contributory factor for the growth that you see in hydraulics in last 12-15 months. You also mentioned about our margins. We are roughly around 21%, 22% now. We endeavor to reach the levels that you have talked about 30%, probably in next three to five years. Right. I think I've covered all your questions.

Mr. Udayant: Yeah, thank you Arvind. Just for the record, we had a benchmark, a 20% target when you know, literally 15-18 months ago, we were at 12%. We are north of 20% now and internally we are now targeting a 23-25% band and hopefully, we should. So the idea is as he said is that as we grow the business, we're also looking at how we can improve margins. And part of it is through better design. Part of it is through better pricing. Part of it is through more efficient costing and the sum total. Everything gives you half percent, 1%, 2%. You end up growing. So.

Mr. Arvind: And one more thing I just see my notes. You talked about the share of the contribution from the green account and the non green account, the farm mechanization and the others. The last year's contribution was 65-35. That was the ratio that from the tractor industry from the agricultural or farm mechanization 65% was the contribution and construction, mining, material handling, textile all that added to about 35%. Thank you.

Mr. Udayant: Thank you. And finally, your last question about employee workforce. So when we talk about skilling and learning curve, we actually have two really amazing armies now. We have about 800 highly skilled people in aerospace in India, 800 highly skilled people in India for hydraulics. And we have about 240 roughly just over 200 people in the United Kingdom. So that is really a very strong force. And you look at the skills that these people have whether it's artisanal skills or whether it's engineering skills or whether it's just pure conceptual design skills, it is very, very high and it's a concentration that we can build on. So if you asked us 10 years ago, we would have had 30 or 40 artisans for aerospace. Now when we talk about it between UK and India, between the engineers and workers to have close to a 1000 people. That itself shows you the capability of what we can achieve in future. So Hitesh bhai thank you very much for your questions. I believe I've covered up all the ones that I couldn't cover in the presentation. But once again, we really appreciate an engaged shareholder. And thank you. You know, I just do want to say that a lot of people, you know, pass comments on Twitter etc. You know, we must remember that we have competitors, we have customers who see those. So I would recommend and suggest that as shareholders, you all are co owners of this business. Please take pride in your business. Please, we are always open to you. You can reach out to us and we will have institutionalized frameworks for us to share information in a way that it neither produces negative information to other stakeholders, competitors or customers that only shareholders should have or we shouldn't run any risk of compliance with SEBI. So we have to try and meet both. And we will have another analyst/shareholder day where we would recommend and request everyone to join in and visit the facilities because I'm sure you'd be really, really proud of what you see. Thank you Hitesh. Can we go to the next shareholder, please?

Moderator: Yes sir. Thank you, sir. I move on to the next speaker shareholder, Mr. Rangan V. Can you please unmute the audio, switch on the camera and ask your question, please?



Mr. Rangan: You're about to hear sir?

Moderator: Yes, yes, you can continue sir. You are audible

Mr. Rangan: Good afternoon Mr. Udayant Malhoutra. I distinctly I am a shareholder for the last 30 years, okay. And I had been to your factory at Peenya when your father and yourself Mr. Sunder was there. At that time only that pumps was there. I'm from Chennai, I was from central excise. So I was delighted to see the products, everything and it was branded, green dowty brand was there something like that. You know, there used to for the tractor pumps that was the business there. After that you see I appreciate your attitude because in many companies the Chairman or MD will collectively collect the questions and ask and conveniently leave the questions which they don't want to answer. And you're one of the very few persons to singly every shareholders question you reply that. And I also believe that now you're what is your current loan book, no, how much size? 370 acres, what is the total amount you are likely to get? And you said about three years you are going to do that and reduce the interest, which will come down to this one. The very attitude, your association with the Boeing company as a Tier one, everything. Because I know, because I'm an exciseman, I know what is Tier one, Tier two, everything. That itself shows. And I would like to come and visit the company, along with the crew member. I think of any airlines because I got a lot of this one, that will be very delightful for me. And also when the Boeing comes, I will be glad if you invite me as a minority shareholder, if it is possible, okay and if the time permits. Now this. What about that holding, the agriculture everything now we have left to your, It is better you just leave that hydraulic as a separate company because it's getting renewed less actually and issue shares on that basis. And let it go on like that. That's what I personally feel because the aerospace is a big company and this one is a very small, this one, right. Really, correct. That's what. But anyway, I'm very happy your attitude is most important than anything else. You're very transparent. And I'm very happy about that and delighted to see you when I come there. Thanks.

Mr. Udayant: Mr. Rangan

Mr. Rangan: I'm telling you, your share also was talking about that, because we invested in about 2002 or before that at 14 rupees.

Mr. Udayant: I know. Mr. Rangan, the best days are ahead. I'm just saying you are one of the shareholders. You know, this company is designed for shareholders like you who buy it and stay with it, understand the business and have patience. And we will have ups and downs but I can tell you one thing that we are very, very committed to ethical behavior and long term growth of a real high quality business. So we really appreciate the fact that you've been around for so long, I just do want to share that we've had seven, eight years, I feel the pain. Look, there's nobody who's felt more pain than me because I was not responsible for the euphoria that happened seven, eight years ago. And we got the orders and the stock price ran up and people bought shares. And then they were bound to be disappointed when it took us five years to get to where we are today. But during that period, a lot of questions were asked and I have to, you know, tell you I finance this business for us, collectively, with me giving guarantees. I



have not taken any guarantee commission that other, you know, guarantors take. So I do appreciate very first hand the pain shareholders feel in the last five years. I just do want to say this that we are now really in a very interesting position. We've delivered great value to customers and they're giving us more orders. So the business is going to get better. You've done well over the last two decades. We want the guys who've invested in the last five years to be smiling like you. So that's the thing. Now coming back to that one thing you said

Mr.Rangan: You are also like your father talking and dropping names. Okay, I'm very happy about that. Okay, whatever that. So you do have a lot of explanation. Because as you rightly said, in many companies I also attend AGM and before Corona see even big people tell Rangan you talk to me because we learn from what because you are in that company, you are there. But we are speaking to several companies that are attending the meeting. So we analyze the balance sheet and ask. You learn from it also, I would have given. Because I am a McKinsey man, I would have charged you 10 lakhs by wearing coat, I used to tell. But I'm not because casually we give lot of suggestions to the MDs and which will go a lot of savings actually. Because I'm very happy about that meeting that and that is most important actually for company, you creating value for the shareholders. At CAGR of 29.8%. What more a shareholder can expect? You tell me. You can only live for only the long term shareholder not for the traders. I'm telling you because you cannot. Because okay, but then within two days or three years, the share would have gone 1000 even then I did not sell because you've not taken money from us, that is most important. And you're on the contrary, you have given personal guarantee. See this all shows your attitude to see that the share price is come to this day. I'm delighted about that and appreciate about that. Thanks.

Mr. Udayant: Thank you, Mr. Rangan. And we will welcome you to Bangalore and I look forward to seeing you again. Thank you. Can we request for the next shareholder please?

Moderator: Yes, thank you, sir. Now I request the next speaker shareholder Miss Neha Subhash Idnany, to unmute the audio, switch on the camera and ask your question, please.

Ms. Neha: Good afternoon Toby and the Board. Thank you so much for this opportunity. And thank you really for you know, writing the annual report and showcasing our company with so much passion. You know, this is the reason why we stay invested in. You know, I had a couple of questions across each of your divisions. What I am looking for is you know, if possible, specific numbers and timelines. Firstly, on the aero division on the current platforms that we're working on, which is aero, Boeing, Bell. If you could help us understand till what year will they continue to run? And, you know, the second question that I have is on the new platforms that we've got, which is on the hanger trap door. And as well as you know, the F15 EX, what is the size of the order and what kind of revenues? The third question that I have on the aero division is, only from doors you said that we can double our aerospace revenues over the next five years. So is that from you know, the peak revenues of approximately 450-460 crores will double in over the next five years? That's my first question. And with all of these platforms running and you know, obviously you'll have more insight into the new orders that will be coming. What kind of margins can we sort of target? Those are my questions on aerospace. And you know I'm looking for the size and the margins this business can make over the next five years.



The second question is on the hydraulics division. You said that you can double in the next year. Is that from 460 crores you can become say 900 odd crores in the next one or two years. Again you know, the margins you've already mentioned that you're targeting 25-27%. If you can give us an idea of what the order book is as of today and what is the execution timeline for that order book. My third question is on Erla. In the near term, what I would like to understand is, with the electricity issues, are we going to, is it possible that we will make near term losses? And what kind of Capex are we looking at in the transition? You did mention 20 million euros for a size of 100 million euros in science. And I audible? Can you hear me?

Moderator: Yes madam, we can hear you.

Ms. Neha: Okay. So that's my question on Erla. And, you know, you've obviously explained the debt part of it very clearly that we will be debt free over the next 24 to 36 months. Other than the land bank that we're looking, you know the wind farm, are there any other assets we can kind of sell, is the question. And my last question is, you know, we're currently making a consolidated PAT of 30 crores like when do you think we could make say 150 crores of PAT you know, become a sizable company. CFO is currently 100 crores by when we will be 300 crore cashflow making company. These are my few questions. Thank you very much in advance for the answers

Mr. Udayant: Neha, thank you very much, again for your thoughtful questions. So, specific numbers and timelines, let me tell you first, let me just focus on aerospace. You gave us a number, which was peak number 2019, which was just before covid. So actually, in terms of market, we have exactly the same market. Plus we have a few additional orders right now. The problem is that we are unable to execute to that volume in the last quarter, this quarter exactly. But it's rising. As the supply chain corrects as James mentioned, our volumes are going up. And we should, at a quarterly rate, hit those kinds of numbers with those kinds of margins that we had in 2019 in the next few quarters. This is not going to continue forever. Because for us it's small pain, for our customers it's very, very big pain. They're not able to produce aircraft. Right. So we are expecting to reach our original run rate in the next couple of quarters. I hope this quarter, next quarter, the quarter after, but certainly within this year, we want to hit that run rate and we believe we'll hit that run rate.

I talked about the doors. I believe that we will double the size of our business because they are larger commodities, they are a big opportunity for us to get into. See, what happens is aircraft manufacturers buy child parts and they assemble this in house. What covid has done is destructive. A lot of the small suppliers have gone out of business, a lot of the big OEMs themselves have lost people. People haven't come back to work and are not coming back to work. So, actually they are looking for hungry adaptive companies like us. So you know it's like you are a hungry shareholder, wanting us to grow. We are hungry, wanting to grow. In the landscape of aerospace suppliers in Europe and North America, it's very, very bleak right now. On one hand the well-capitalized suppliers which got capitalized by private equity, those businesses are not performing technically. Because the first thing these companies did was during covid, they got rid of all the senior most, most expensive people to save money. And now those businesses aren't performing. So we, for example, I'll share very clearly.

We have a partnership like relationship with all the OEMs. Sorry, and we have a partnership like relationship with the world's largest tier one, which is called Spirit Aerospace. So it's an



extraordinary position to be in. The second largest aero structure manufacturer is GKN. They've been bought over by a private equity firm. And they've actually, it's been devastating to them and to our customers. So when we go and we apply that, look, this is the kind of stuff we want, there is a very positive I mean, we've never seen that kind of enthusiasm that we're seeing now. Also, you know, the other thing that happened, which, on the side is, you know, my young daughter graduated from college joined the business a year ago. And as she addresses customers, you know, while they look at us as a professional enterprise, they like the idea that there is a succession, there are people who are passionate from the shareholders side. And this is not a company that's going to be spun off and sold to some faceless, nameless financial institution. So they are looking for companies like us. And I'm very confident that we should be able to, what we build, we should be able to double it. So if you talk about 460 crores, yes, it would be an under-power performance, we don't double it in five years to 1000 crores if we don't maintain the margins that we have. So we will maintain the margins, we're not going to underprice to get the business. So I think that specifically is something we should target. And we have a very positive environment for that.

In terms of the escape hatch and F15. What we've got is our foot in the door in both these programs. So, you have to understand the F15. This is the first time they're taking a piece of this supersonic. It's the world's fastest fighter, it's got the longest range. And it's got the highest payload capacity. They have never produced these structures outside of United States. So it's the first time they've done that. So they started with a business case to test it out with a supplier that they have a great relationship and who's performed for them. The same thing with Airbus, they've taken the smallest door. So these are small testing grounds and as you saw, it's coming along very well. The success story is there. And we are going to get more and more orders on the back of this. For this reason, I'm not sharing the size of these two businesses because I don't want to have that out in the public. I do appreciate the question is not for any way to be secretive with our shareholders. I just think a year from now that information will be with you. And we will have new orders that you will appreciate on the back of this performance. Our margins, as I said over the next five years, we will look at enhancement of margins, no decrease in the margins. In terms of hydraulics, I think there's a slight misunderstanding. We are doubling the size of our UK hydraulics which was running at 1 million pounds a month, roughly 110 crores a year. With those new products, we're already seeing a 50% growth. So I think Arvind we are now touching about one and a half million pounds a month?

Mr. Arvind: Yeah, right.

Mr. Udayant: Roughly, we are now at that. And the idea is to target and go to 2 million pounds a month out of UK. So it's the UK business we're looking at a growth on the basis of this new program. In the UK where we were with single digit EBITDA margins, we're targeting the upper teens to 20%, upper teens, it will be more realistic, close to 20, maybe just shy of it. In hydraulic India, we are already north of 20% and now obviously they're targeting the 23-25% band and then once they get there and stabilize, we'll try and target a higher band than that. In Erla as you saw, we already have near term losses over the last few quarters. We are already struggling with, this challenge has started over the last maybe six months or five months. And we are already seeing that. But as we look at the transition, there is government support. Germany is very supportive of employment and business continuity. And so there is support, they're already talking to us about subsidizing electricity costs. We're already pushing



electricity costs towards customers. And there will be a fair correction of the business while we do the transition. And I think there's a lot of funding. As you know, Germany is also transitioning away from a country that was very shy of investment in aerospace and defence, to having a 100 billion investment in aerospace and defence. As you know, they've just placed an order for Chinook aircraft. And it's going to be a unique thing, where Boeing is collaborating with Airbus and Airbus Helicopter is actually going to produce the Chinook helicopters for what is the largest Chinook order in the world from Germany. And again, as a supplier that has performed very well, I'm confident that we should get a nice piece of that cake as well, when they start producing and industrializing in Germany.

Debt, I did mention that there's an asset in UK, the second factory, the small factory, the Bristol factory. And fortunately, while it's not large, it's in the center of town, so we're getting good value for it. And we're in the process. As soon as we sign a definitive agreement, we'll make an announcement. And but that money we intend to use for the transition in Europe rather than because in Europe, there is very little debt anyway. So the idea is that the business is optimized. I think with the wind farm divestment, we will reduce our debt straightaway by about 100 over 100 crores. And the moment you get that you're everything, your ratings change, everything changes. So I think when we are debt free, Neha, you will start pushing us to start gearing up for better return on equity. You know, that's a funny thing, when you have debt, nobody likes it when you have no debt, nobody likes it. So we want to get to that day very soon. Thank you.

Mr. Arvind: Right. And Toby, there was one more question that Neha asked, which was on the order book. So all that I can say without giving you a very forward looking statement, that if you look at our quarter and quarter performances, you will get the feeling that the order book is actually growing. So we are in a very good state, both in India and UK, as Toby rightly mentioned. And you asked for the kind of timelines to double the revenues in UK. Our order book would have allowed us this year itself, we will be expecting about 50-60% growth this year, the next year, we can double it. There are some issues on supply chain that we're trying to fix. We're trying to move our suppliers, supply chain from Europe to India. So that will be done this year. And next year, we can definitely look forward to doubling the revenues.

Mr. Udayant: And that's in UK?.

Mr. Arvind: Yeah, that's in UK, yes.

Mr. Udayant: And again Neha, to come to the aerospace orders. Typically these are 10 year, you can literally say our business multiply by 10 because these are life of aircraft programs. You have to be an underperforming, non performing aerospace supplier for a customer to stop buying from you. So this is life of program, just multiply by 10. Roughly, that's our order book in hand and it's only going to grow. Thank you.

Moderator: Thank you, sir. The next speaker shareholder, Yashvee Kothari is not available. I request the next speaker shareholder, Mr. Manish Agrawal to unmute the audio, switch on the camera and ask the question please.

Mr. Manish: Hello.



Moderator: Yes, Mr. Manish Agrawal, you are audible, you can speak.

Mr. Manish: Good afternoon, everyone and thank you for the opportunity. So my first question is like, how do you see the potential market for our drones business? Like is the opportunity for us only domestic? Or are we looking at some international opportunities as well? Also, are our drones business only in the commercial sector or are we also in defence? Can you give a breakup of like, how do we want to tap this opportunity? In which segment are we going to focus more? Second is, whether are we developing only the hardware? Or are we also into developing the software that goes into the manufacturing of these devices? And what is the status on the tie up with IIT Kanpur? And how is it that benefiting us in this business? Third is, as the internal threats are increasing all over the world. So, how do you see the homeland security segment contributing to our revenues significantly in the coming years? Thank you.

Mr. Udayant: Thank you, Manish. Your interests are very clearly in our drones and the homeland security. So, we largely have focused on defence. And as a consequence, have a lot of IP developed on the hardware, on the software, on the electronics, because even the electronic cards are designed by us but subcontracted. Because it was defence we had an interest not to use any Chinese or imported components. So we've developed componentry and component vendors in India. So we have a very mature capability. But we don't have a market unless the government orders these drones. So we are working and we have partnerships with Israel aircraft industries and HAL and we have a partnership for small drones with IIT Kanpur. Both of these are dependent on customer being the Government of India. And we do expect I mean, at a very, on a business level, the customer is always saying yes it's coming, yes it's coming. But it's like our land divestment. It takes, you know dealing with government, governments work at a different pace. They just really work slowly. We try and keep our costs and as you know, we have not gone and raised capital and blown it up on a burn rate. We're very conscious that we have a big opportunity and how do we continuously sustain it? When our engineers are not working on the drones, for example, the same engineers have been working with Arvind and Arvind if you can just talk about this. What we're doing now is what I'd shared with you in one of the slides earlier, is buddying up the drones and also adding electronics to our hydraulics. In the next few years, our hydraulic business will no longer be hydraulic, it'll be electrohydraulic business. So a lot of that is coming from the IP we'll develop on the drone. So we are not waiting only for the government. We're actually consuming some of the IP developed. Arvind, would you be able to just expand on what I just said.

Mr. Arvind: Right. So Manish, you've asked us a question on probably where our energies will be, whether it be domestic, whether it will be for defence or non defence going forward, as far as drones are concerned. We potentially think we believe that eventually the commercial applications of drones will far outweigh the military applications. And the military applications are all also in terms of they are, you know, tender driven and that in a sense, not very reliable. It's not very easy to forecast because these are all tender based. So we are currently while we continue to focus on the military applications with our partnerships with Israeli aerospace industry and IIT Kanpur and other DRDO organization in Chandigarh. Well we are also focusing on a lot of our development is happening on the requirement of drones for the



commercial application, particularly in agriculture. Because, you know, as a hydraulics company, we have a lion's share of the farm mechanization, about 75% in India and about 89% in India and 35% globally. 35-36% globally is our share of business in the farm mechanization. We are now partnering the farm digitization journey. So a lot of drones that we are building will be used for crop spraying, for water spraying, for spraying pesticides and we see a huge potential here and even the government is looking forward for niche technologies and you know, digital farming. You asked about hardware and software. We do both. The hardware is also built by us, the software is designed by us, including, as Toby mentioned, the battery management system. Except for the cameras, including the entire optics is developed by us all in house. Yeah, so.

Mr. Udayant: Thank you. And Arvind, not only the flying bit of it. A Lot of that technology has actually added on to the way we sense for even the hydraulics so we are. If you can just briefly touch on that, how our hydraulics will become electro hydraulic and a lot of that data, a lot of that capability in IP, is stuff that we actually develop based on what we are going to do for defence. And just in a brief way, if you can just share that because again, we don't want to let out the cat out of the bag with all our competitors,

Mr. Arvind: Right. So we don't want to be without being very forward looking making a forward looking statement. What we've done is we, the drone development team, instead of calling them as drone development, we have structured them as competencies. We call instead of saying autopilot, or avionics, these are embedded system designers and we're looking at how we can use these competencies for different businesses in addition to the homeland security and defence business. A lot of these competencies can be actually complementing what we do in hydraulics. So the pumps which are mechanical devices will have electronic controls on it. And as more and more of these equipment, the tractors, the dozers, the dumpers become richer in electronics, this will allow us to capture that part of the market which will have electro hydraulics the electronics and the digital interface with our mechanical components that we make. In addition to this you know, we are also looking at you know, adding these digital interfaces on the tractor itself. We are working with as Toby presented in his first slide, there has been keen interest shown by most of our tractor companies, not just as a product supplier but also solutions in digital farming. Yeah.

Mr. Udayant: Thank you. Manish, I hope we've answered your questions.

Moderator: Thank you, sir. We now move on to the next speaker shareholder Mr. Aloysius Peter Mascarenhas. Can you please unmute the audio, switch on the camera and ask your question please.

Mrs. Mascarenhas: Hello, hello.

Moderator: Yes, madam.

Mrs. Mascarenhas: Hello. Yeah, I'm Mrs. Mascarenhas wife of Aloysius Mascarenhas. Probably my number is next one. Respected Chairman and other members of the Board and my fellow shareholders attending VC, I am Mrs. C E Mascarenhas. I'm attending from Mumbai.



I heard lot of questions, lot of answers. So many of my things what I wanted are nearly cleared. So now I don't know where to ask. But I just want to know see, we are in hydraulic, aerospace and drones. Here. I will not ask you the margins in hydraulic and aerospace. I would like to know that how much margins we enjoy on drones? Then are we producing these Tear drones, drones? Nowadays that tear gas is whenever there is hadthal and all that they throw that tear gas to stop the crowd, mob and all that, but now they have started tear drones. So are we in that? Then next is, you have invited us for seeing the plant. But as I'm a senior citizen, I would means to go up to Bangalore and north. Instead, I would suggest you please show online video with link on my registered email or say WhatsApp also. So that I can see the whole plant by online you know and I can I mean, I'm also quite interested in the aerospace and I hydraulic and all and many things are in the defence use. So I'm also very keen on it. And lastly is, I would ask for a physical copy of the annual report. So please, I forgot to email it. So if you could send me a physical, I would be very grateful. Rest I support all the resolutions. I wish my company, let it grow from strength to strength. And most important is good health to all of your entire team so that you can health is wealth and you can really reward us in multiples and hundred and whatever figures we will get our reward that much I know. Because I heard a lot of shareholders, I heard all your answers also. Thank you so much for giving me this opportunity to speak. Thank you once again.

Mr. Udayant: Mrs. Mascarenhas, thank you very much. And thank you for your wishes for health and I would reciprocate the same not only to you, but to all our shareholders and to all members here. The last 10-15 days, we've seen a lot of people suddenly dying, you know, a lot of people who're very successful and you know, some are chance, some are really bad health. And I think you've really said it correctly, health is wealth. So that's a really lovely statement and I reciprocate. Coming back to your questions.

Actually, we do print and most of our print copies go to our senior citizens. Our oldest shareholders are the ones who really like to have a physical copy and collect it and we will have a physical copy with you soon, I think you really made a nice suggestion about having some form of digitized, you know, online viewing for our shareholders, so that senior citizens who can't travel, can participate or experience what we are doing. And I think we will find a way to do that. Shiv, if you can make a note of this. Let us just do it in a way where we can keep the confidentiality as well as you know, like we have for today, specific passwords for all of us to join in on this. Maybe we can create a day where we have in person visits by those who can travel and we create a digital online way to share it for people like Ms. Mascarenhas and I think your husband, Mr. Peter Mascarenhas as well, we'd love to have you all join in virtually. So that's a great idea.

Coming to the drones. The drones is a technology. What we've done is we've basically created a huge capability around government defence programs. As we mentioned earlier, we partner with Israel aircraft industries and HAL and we have a technology partnership with IIT Kanpur. We've developed a lot of capability, the ideas we've just been waiting for a government defence spending on drones and hopefully it'll happen and will happen soon. In the meanwhile, we've been busy utilizing that capability in our other business in hydraulics and it is really helping us. So we will have some civilian drones, for agriculture. And I think that will become a very interesting business. Again, no noise, no fuss, we should have a real business developing, you know, coming out of the investments we've made there either in our products or separate flying products. Because it doesn't have to be just a physical manifestation of a



product, the autonomous technology that we develop there, we can also put onto tractors and other, you know, dozers and stuff as part of our product offering. As long as we have the IP, it's monetizable.

There is one suggestion that I think somebody made where we missed it earlier where somebody said, maybe we should split hydraulics and aerospace. The last two years actually have shown that, you know, everybody talked about aerospace being the business and everything else should be exited. But actually, it's the hydraulics business that really kept us going through the pandemic. These businesses all share common R&D capability. The hydraulics business also is in a growth phase, it's very profitable, like the aerospace business and it delivers a great return on capital employed. So, what we do like is to have a blend of businesses so that you don't have feast and famine, a great time and then suddenly you have a lot of businesses go bust. Very good businesses go bust in down cycles. And I think one of the good things about the way we've designed is the sustainability of our enterprise through these cycles because they're counter cyclical businesses. So thank you, ma'am. Thank you for your suggestions. Thanks everyone. I believe you're the last speaker. So thank you,

Mr. Arvind: Toby. Toby, just, I would like to thank for the suggestions that she made on the tear gas. This was an application that we have not considered. And thank you for that. We'll start looking at potential use case of this and start developing something bespoke for this. Thanks a lot.

Mr. Udayant: Yeah Patang. The Patang should be fitted with tear gas and given to police stations. Great idea.

Mr. Arvind: Yeah, we've looked at so many applications, but this is something that we had not looked at. Great idea Ms. Mascarenhas, we actually have a small drone called the Patang, which is designed for policemen. And you know, for policemen, just having eyes is not, but this would be really great if we can have eyes and then if somebody is creating a problem, go down and drop some tear gas. It's a great idea and if we are successful, we will celebrate your idea ma'am.

Mr. Arvind: And the second thing she mentioned was also very, very, I mean, it's very good, that if we can create a plant tour remotely. I mean that was also a great idea. So, thank you for that.

Moderator: Thank you sir. With this we have completed with the speaker shareholders and I hand over back to you sir. Thank you.

Chairman: I thank the members for their interest in the company's operations. The informative questions which they have asked and the very intelligent observations and comments they have made. I now authorize Mr. Ratish Tagde, company secretary to conduct the voting procedure and conclude this meeting. The E voting facility will remain open for the next 15 minutes to enable members to cast their vote. The results will be announced within 48 hours of the conclusion of the meeting. And the same would be intimated to the stock exchanges and uploaded on the website of the company as well as KFin Technologies. I thank the shareholders for attending the meeting and for their continued support. I also thank the



Directors, statutory auditors and secretarial auditors for joining the meeting remotely. With your consent, I and other Board members would like to leave the meeting. I request all shareholders to stay safe and stay healthy. Thank you.