



Isgec Heavy Engineering Limited
89th Annual General Meeting Transcript

Ms. Shweta Agrawal, Company Secretary

Good morning, everyone. I Shweta Agarwal, Company Secretary of the company. Welcome all the participants in this 89th Annual General Meeting (AGM) of Isgec Heavy Engineering Limited.

Hope you and your family is keeping safe.

The notice for the AGM along with the Annual accounts and other reports were sent to the shareholders through email as per the requirement.

Before I request our Chairman sir to welcome all the Directors, Shareholders, Auditors and other participants, I would like to announce few points.

As stated in the notice for the AGM para 19(g), members seeking information with regard to accounts or any matter placed at the AGM, were requested to write to the company on or before 20th August 2022 through email. And we did not receive any such mail.

Some of the members who have desired to express their views have registered themselves as speakers. Their names will be called, and they will be given opportunity to speak and express their views on the businesses or operations of the company. We shall be thankful if they are brief and restrict their speech to 2 minutes each.

Mr. Aditya Puri, Managing Director, Mr. Kishore Chatnani, Whole-time Director and CFO Mr. Sanjay Gulati, Whole-time Director and Head-Manufacturing unit will reply to their queries after all the speakers have expressed their views. In case any of the queries need gathering of information from the records, necessary reply will be sent by email separately.

I would like to announce that the quorum is complete, and I request Mr Ranjit Puri, our Chairman Sir to further take the proceedings. Over to you sir.

Mr. Ranjit Puri, Chairman

Thank you, Shweta, I hope you can see me and hear me clearly. Welcome all shareholders to this meeting. This is the third time we are meeting virtually. Hopefully Covid will be kind and next year we will have the pleasure of meeting physically in Yamunanagar. This meeting is being held through Video Conferencing in compliance with requirements of the Circulars issued by the Ministry of Corporate Affairs and SEBI.

I want to introduce to you the members of the Board.

We have Mr. Vishal Kirti Keshav Marwaha, Chairman of the Audit Committee; next is Mr. Siddharth Prasad, Chairman of the Nomination & Remuneration Committee and the Risk Management Committee; Mr. Arvind Sagar; Mr. Aditya Puri, Managing Director; Mr. Sanjay



Gulati, Whole-Time Director & Head - Manufacturing Units; Mr. Kishore Chatnani, Whole-time Director & CFO of the company. One director you have not met is Ms. Rashi Sikka.

Since this meeting is being held through Video conferencing, there are few rules which most of you probably know. There is no proxy appointment, proxy forms and proxy register. All the other applicable registers and returns and statutory documents are available for inspection and Ms. Agrawal will make them available to you if you want to see them.

Participation of members through Video Conference can be reckoned for the purpose of quorum in accordance with the Circulars issued by the Ministry of Corporate Affairs and Section 103 of the Companies Act, 2013. Since, we have the requisite quorum present for the meeting through Video Conference, I call this meeting to order.

A few ground rules:- Resolutions do not need to be proposed or seconded under the new protocol. Secondly, e-voting was available from 21st August 9:00 A.M. until 5:00 P.M. yesterday. Most of you have voted then. If you have not voted, there will be 15 mins after the end of this meeting, you can cast your vote at that time.

The Statutory Auditors, M/s. SCV & Co. LLP, Chartered Accountants, and Mr. Promod Kothari, Secretarial Auditors, have expressed unqualified opinions in their respective reports for the financial year 2021-22. Since there are no qualifications, observations, or adverse comments on the financial statements and matters which have any material bearing on the functioning of the Company. Therefore, under law the said reports are not required to be read at this meeting.

Some of the Shareholders have registered themselves to speak after the briefing by Mr. Aditya Puri, Managing Director, the speakers, who have already registered themselves, will be given the opportunity to speak, one by one, and they are requested to speak for two minutes each.

The results of the meeting will be declared within 2 working days.

I now introduce Managing Director, Mr. Aditya Puri, who will brief you about the working of the company. Thank you very much.

Mr. Aditya Puri, Managing Director

Thank you. Good morning, ladies and gentlemen, we welcome you to the 89th Annual General Meeting of the company. This is the third Annual General Meeting being conducted through video conferencing.

For the information of the shareholders, I will give a short introduction about our business.

We are a diversified heavy engineering company engaged in manufacturing and project businesses. We manufacture process plant equipment, presses, industrial machinery and iron and steel castings. We execute turnkey projects for setting up boilers, power plants, air pollution control equipment, sugar plants, distilleries, factories, and bulk material handling facilities. We have also developed strength in construction.



We address the requirements of a wide spectrum of industries mainly power, fertilizer, sugar, and distilleries, oil and gas, automobile components, steel, cement, chemicals, railways, and defence. We have customers and projects spread across 91 countries. Our presence across multiple industries and geographies helps us to spread any sectoral or geographical risk.

During the year under report, the working and operations were adversely affected, firstly due to the second wave of Covid-19 in the first quarter of April to June 2021, and again due to the third wave of Covid-19 in the last quarter January to March 2022.

While all factories were working normally, Engineering, Procurement and Constriction (EPC) business offices at Noida were closed for 6 weeks in the first quarter and for about 10 days in January 2022. Besides these, EPC Design offices at Pune and Chennai were also closed for a few weeks. Before and after the closure, until normalcy returned, offices were working with 50% to 70% attendance while balance employees were working from their home.

During the second wave, as per Government directives, oxygen was diverted for medical purposes causing scarcity of oxygen in our own manufacturing facilities, vendors' workshops, and project sites, resulting in some production losses, till 31st May 2021.

Financial year 2021-22 has been a mixed bag. There was increase in revenue during the year. The profitability was, however, lower due to steep increase in the prices of commodities such as steel, copper, aluminium and nickel and time and cost overruns in EPC projects due to impact of covid-19 related disruptions, coupled with some shortages of skilled manpower, sharp increase in freight costs, both for the purchase of material and supply of goods to customers.

The total consolidated revenue for FY22 at Rs.5,512 crores is higher as compared to Rs.5,477 crores in FY21.

The consolidated EBITDA for FY22 at Rs.325 crores is 36% lower, as compared to Rs. 507 crores for FY21

The overall demand trends were encouraging. Many new orders have been booked from sectors such as Railways, Power with orders being placed for Boilers, Air Pollution Control Equipment, and Waste to Energy Units, Water, Process Industry, Construction, Fertilizer, Cement, Refinery, Steel, Sugar, Ethanol, Chemicals, Food, Oil & Gas, Renewables, Automotive, Refractory, Mining, Soda Ash, Paper, and Tool & Die industries. We have also increased our focus on booking more orders for the Operation and Maintenance of Power Plants and Distilleries and have booked good orders.

Order booking during the financial year 2021-22, as well as during the first quarter of the current financial year has been very good. Standalone orders in hand as on 30th June 2022 are Rs.6,690 crores, against Rs.7,284 crores on the same date in the previous year. These are equal to about 18 months billing. In fact, we are being selective in booking orders. We have been notifying the announcements regarding booking of important orders on the websites of the Bombay Stock Exchange and the National Stock Exchange.

The consolidated orders in hand as on 30th June 2022 are Rs.7,736 crores, against Rs.7,924 crores on the same date last year.



Regarding Cavite Biofuel Producers Inc. in the Philippines, we have started construction of the Plant and expect to complete it by July 2023. We think that it is a good business and will be profitable to run, although we will keep our options to sell the Plant, if we get a suitable offer.

The 100 KLPD Ethanol Plant at the Saraswati Sugar Mills was commissioned during the year. It commenced commercial production with effect from 22nd December 2021. The working of the Plant has been good, and it has been operating at 100% capacity.

All other Joint Venture Companies and Subsidiary Companies are working satisfactorily.

In general, we continue to be optimistic about Isgtec's overall positioning in the market, and with our exceptional engineering skills, a portfolio that is truly diverse, our strategic technology partnerships with leading global firms that keep us abreast of the latest and most relevant gen-next technologies, extensive experience honed over decades, and the right quality of people, we believe we have an edge that will enable us to continue to focus on strengthening our financial metrics and in serving the community and people at large.

I thank you once again for your continued faith in Isgtec and its management. I wish you and your family members all the best. Thank you.

Ms. Shweta Agrawal, Company Secretary

Thank you, Sir. I would now request the moderator to put on the speakers one by one.

Mr. Kishore Chatnani, Whole-time Director & CFO

The two shareholders that had registered are not available.

Ms. Shweta Agrawal, Company Secretary

Since there are no questions, no registered speaker has joined the meeting as of now. We can call this meeting as closed. I would thank all the members on the screen and off the screen for attending this meeting.

Please be informed that the voting window will remain open for the next 15 mins. Thank you everyone