

DISA India Limited

Transcript of 39th Annual General Meeting held on August 8, 2024

- **Ms. Deepa Hingorani – Chairperson, DISA India Limited:**
 - Good morning, ladies and gentlemen. I, Deepa Hingorani, Chairperson of your Company, have the great honor and privilege to welcome you all to this 39th Annual General Meeting being held through video conferencing. On behalf of the Board of Directors of the Company, I extend the warm welcome to all of you to this 39th AGM. The Ministry of Corporate Affairs and SEBI has permitted the companies to hold the AGM through video conferencing or other audio-visual means until September 30th, 24. Accordingly, 39th AGM of your Company is being held through VC in accordance with the circulars issued by the MCA and SEBI. Participation of members through VC is being reckoned for the purpose of quorum as per the circular issued by MCA and Section 103 of the Companies Act, 2013. The required quorum being present, I call the meeting to order. In terms of MCA and SEBI circulars, the requirement of dispatching the physical copies of the notice and Annual Report for FY23-24 for this AGM has been dispensed with. Hence the notice of this meeting along with the Annual Report has been sent electronically to all the eligible members who have registered their e-mail ID's. Therefore, ladies and gentlemen, with your permission, I take the notice as read. Before starting the proceeding, I take this opportunity of announcing the names of my colleagues who are participating in today's AGM and I'll request them to please raise their hand as their names are called out. First, Mr. Bhagya Chandra Rao, Independent Director, Chairman of the Audit Committee and Nomination and Remuneration Committee. Mr. Anders Wilhjelm, Director. Ms. Ulla Toennesen, Director. Mr. Michael Declan, Director and Mr. Lokesh Saxena, Managing Director. We also have Ms. Vidya Jayant, CFO, Ms. Shrithee, Company Secretary. Mr. Sunil Gagar and Mr. Pradeep Agarwal, partners at Messrs. S R Batliboi & Associates, our statutory auditors and Mr. Vijayakrishna KT, secretarial auditor and scrutinizer for this AGM also present in this AGM. I'm sure that all of you have received the Annual Report and that you have studied the same. I'll now request Ms. Shrithee, our Company Secretary, to provide general instructions to the members regarding participation in this meeting.
- **Ms. Shrithee M S – Company Secretary, DISA India Limited:**
 - Thank you, Madam. Good morning, dear members. The Company has enabled the members to participate at the 39th AGM through the video conferencing facility provided by CDSL in compliance with applicable circulars issued by the Ministry of Corporate Affairs and SEBI. Members have been provided with the facility to exercise the right to vote by electronic means, both to remote e-voting and e-voting at the AGM in accordance to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. Members may note that remote e-voting was made available from August 4th, 2024 to August 7th, 2024.

- The members joining the meeting through VC who have not already cast their vote by means of remote e-voting may cast their votes through e-voting facility provided at the AGM by CDSL. The Company has appointed Mr. Vijayakrishna KT, Practicing Company Secretary, as a scrutinizer who will collate the voting results of the remote e-voting and the e-voting at the AGM for each of the items as per the notice. Representation under Section 113 of the Companies Act, 2013 has been received from few of our promoters and corporate shareholders. Members are requested to refer additional information provided in the notes to AGM notice. The Register of Directors and Key Managerial Personnel, the Register of Contracts for Arrangements have been made available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send the request to the Company. As the AGM is being held through video conferencing, the facility for appointment of proxies by the members is not available and hence the proxy register is not available for inspection. The Company has received requests from a few members to register them as speakers at the meeting. Accordingly, the floor will be open for these members to ask questions or express their views. The moderator will facilitate this session once the Chairperson opens the floor for questions and answers. Thank you very much. I hand it over to the Chairperson to continue with the proceedings.
- **Ms. Deepa Hingorani – Chairperson, DISA India Limited:**
- Thank you, Ms. Shrithee. The Company has made all efforts feasible under the circumstances to enable the members to participate and vote on the items being considered at this meeting. As there are no qualifications in the Independent Auditor's Report on the Financial Statements of the Company for the Financial Year 23-24 and in the Secretarial Audit Report, with the consent of the members, I will take them as read. I now request Mr. Lokesh Saxena, Managing Director of the Company, to highlight on the operations of the Company for the financial year.
- **Mr. Lokesh Saxena – Managing Director, DISA India Limited:**
- Thank you, Chairperson. Good morning to all the shareholders. I welcome you all again and will brief you on the various operational highlights of your Company, which will be of interest to you as shareholders. I'll share my screen now. I hope my screen is visible. So, the revenue from operations for the financial year stands at 3,191.5 million, which is one of the highest ever revenue clocked in DISA India Limited. Our profit after tax for the year stands at 415.4 million. Again, the profits have been the highest ever for DISA India Limited. Our earnings per share accordingly is ₹285.65 per share and our dividend percentage what we have declared this year is 2000%, which is again very exceptional. As you all know, with this highest revenue and profits for 2023-2024, we are also celebrating 40 years of existence of DISA India Limited. We started this Company in India in 1984, so it's a very big milestone for all of you as shareholders and for us as an organization. Market capitalization also is at a all-time high. We have been doing very well compared to the BSE Sensex.

- Our aftermarket distribution model has stabilized over a period of last five years. We started off with this distribution model then and now we are very close to our consumption area, which are our customers across the country. Tumkur plant, which you all know, was consolidated over the last two years and we are now delivering a very strong efficiency and productivity after the consolidation process. People's safety remains as our top priority with no incident reported in the financial year. I am really very happy to announce to all of you that our Tumkur plant is on green power now. We started drawing the green power from one of the wind installations within Karnataka and since March of 2023-24, we are operating on 100% green power. That's a big milestone for DISA India Limited.
- I will now take you over to three important highlights for the business. Our export business growth, which we anticipated happening over the last 2-3 years has given us good you know, business not only from direct export but also from the IC exports. When I say IC exports, our global organization has helped us quite a lot to get these businesses coming from in US as well as other parts of Europe. The digital part of our business is gaining momentum. Our monitizer solutions have gained further traction in the marketplace and we are continuing to receive good feedback from the customers on our digital offer. Our digital offer monitizer is a device which is Norigate, which is connecting various machines within the foundry industry and giving them meaningful solutions to increase efficiency of the entire operation of the plant. As I explained to you earlier, the aftermarket expansion has been very good for us. We have now five distributors operating in the entire country with nine locations and we are serving most of our customers within a vicinity of 40 to 100 kilometers. We also came out with a new concept of ARPA remanufacturing, which was our basic machine at some point of time. So, this remanufacturing facility is operating out of Kolhapur and we are seeing a lot of machines getting churned out of this remanufacturing facility.
- This is one last slide to give you the operational highlight on the DIL CSR programs. As you know that we have been connected on basically facets around the education and so we are providing scholarship to various students at a school level, at a college level, so these scholarships have been gaining momentum and we have been able to fund these scholarships because our profits of the Company have been growing quite a lot and we are also engaging with these students not only from a scholarship perspective, but also creating some kind of a facility improvement in all these locations. Two years before we also ventured into the tree plantation drive as a part of our SBTi initiatives, and so far we have planted about 2000 trees in last two years. This is, in short, the Company highlights which I wanted to share with you over to you, Chairperson Sir.
- **Ms. Deepa Hingorani – Chairperson, DISA India Limited:**
- Thank you, Mr. Lokesh Saxena, for these operational insights. We now resume the proceedings. With the consent of the members, I hereby read out all the resolutions which are stated in the notice of the AGM. We have 6 items of business. Three are items of ordinary business and three are special business.

- On the ordinary business item #1 is to receive consider and adopt the audited financial statements, including the consolidated financial statements of the Company for the year ended 31st March 2024, together with the reports of the Board of Directors and the auditors thereon.
- Item #2 is to confirm the payment of interim dividends of ₹100 equivalent to 1000 percentage and to declare final dividend of ₹100 1000% per equity share of ₹10 each for the financial year ended 31st March 24.
- 3rd item is to appoint a Director in place of Ms. Ulla Tonnesen, DIN 08507796 who retires by rotation at this AGM and being eligible offers herself for reappointment.
- Special business items. First one is to ratify the remuneration of cost auditors. The second is commission payable to Independent Directors and the third is to approve material related party transactions for FY24-25 with DISA Industries AS, Denmark. The text of the proposed resolutions, along with explanatory statement, are provided in the notice circulated to all the members. The members who are yet to cast their votes may vote on the above resolutions through the e-voting facility at the end of the meeting. Since this AGM is being held through VC, we have requested the members to register themselves as speakers in advance. Before proceeding for the e-voting on the resolutions, I invite those members to offer comments and seek clarifications, if any, on the audited financial statements and resolutions contained in the notice. In the interest of time, I request the speakers to be brief and avoid repetitions to the questions and comments made by earlier speakers. Each speaker is requested to speak for a maximum period of three minutes. Members are also requested to mention their name and their folio ID or client ID before asking their questions. In the interest of time, we will give a consolidated reply at the end. Now, I'll request the moderator to unmute the speakers in the speaking order assigned.
- **Mr. Srikanth Reddy – CDSL:**
- Today, we have our first speaker, Aniket Mittal.
- **Moderator – Atul:**
- Mr. Aniket kindly unmute and go ahead please with your question.
- **Mr. Aniket Mittal – SBIMF:**
- Hello?
- **Ms. Deepa Hingorani – Chairperson, DISA India Limited:**
- Yes, Aniket, we can hear you.
- **Mr. Aniket Mittal – SBIMF:**

- Great. Firstly, thank you for the opportunity and a very good morning to the management and Board of Directors of DISA India along with fellow shareholders. I'll just read out the list of questions that I have for the management. Firstly, at the market level, if you could just highlight what percentage of Indian foundries are currently automated and what is the score for increased penetration for automation within foundries in India? If you could also just list out the key drivers for automation within foundries that's taking place? Within the automation market, if you could highlight what is DISA's market share for the moulding machines that are installed as well as shot blasting machine? And if you could provide some color on how that has changed over the past couple of years? When I look at the FY24 numbers, our order book has seen a fairly drastic rising by almost 40% YoY and even at the end of first quarter order book seems fairly healthy, up about 17%. If you could just highlight factors that are driving this demand in our order book. If you could also provide us the absolute numbers for order info in FY24 and the outlook that you have for these over the next three years? Within moulding machines, if you could highlight how is the demand shaping up between individual products that we have ranging from Disamatic, DISA Match, And DISA Flex and which type of products within our portfolio seem fairly good traction? Within the moulding machine category, if you could also highlight on the competition intensity for these segments within the domestic market? Also, DISA is prevalent within moulding machines for blasting as well as presence services. If you could provide the revenue mix for the company across these three segments? You briefly talked about the opportunities on exports and it's grown fairly well for us that accounts almost 17% of our overall revenues. If you could just talk about the geographies that we're currently supplying to and targeting and how do you see the growth for this segment going forward? In terms of our existing market and domestic, if you could highlight, are there any gaps within our products and distribution reach and what initiatives are we looking to take to address those? Does the company have any expansion plans and if so, for which products correlate to that if you could also talk about the expected capital expenditure for the Company over the next three years? When we look at the parent level, it has made acquisition within the aluminum foundry equipment, namely companies such as Itaipresse and StrikoWestofen. If you could just talk about the current role that DISA India has in aluminum and what are the plans for localization over here? From a financial point, there are two more questions ahead. When I look at the gross margins for the Company, it has come down from about 46% in FY20 to 44% in FY22 and 42% in FY23 and subsequently coming down to 40% in FY24. If you could just explain the reasons for the decline in gross margins that we've seen? Then how do you look at them going forward? Finally, in terms of the EBITDA margins over the past years, our overall EBITDA margins have varied quite a lot in the range of 13% to 18%. If you could just talk about how do you foresee the margins for the Company going forward? Thank you. Those were my questions.
- **Mr. Srikanth Reddy – CDSL:**
- Thank you. Second speaker, Mr. Jaideep Merchant.
- **Moderator – Atul:**

- Just give me a moment, please. Mr. Jaideep kindly unmute and go ahead with your question please.
- **Mr. Jaideep Merchant – Shareholder:**
- Yeah. Thank you for the opportunity. I've sent my list of questions. There are nine questions. I request Mr. Saxena to answer all of them. Yeah. Thank you.
- **Mr. Srikanth Reddy – CDSL:**
- Thank you, Mr. Jaideep Merchant. Third speaker, we have Mr. Govardhan Maheshwari.
- **Moderator – Atul:**
- Just give me a moment, please. Mr. Govardhan kindly unmute and go ahead with your question please.
- **Mr. Govardhan Maheshwari – Shareholder:**
- Yeah. Thank you and good morning. Sir, I have already sent my set of questions to the management and it would be great if they can really address this point by point. I will not waste the time of the management and my fellow shareholders, but just couple of points which I missed out. One is that Sir, a lot of investments which are happening in the semiconductor space in India and semiconductor companies are essentially foundries. So, is that an addressable segment for us and how big that opportunity can be, if you could just explain and highlight that and on just on the Q1 results, the year-over-year numbers were sort of flattish while you have a fairly strong order book as mentioned by the earlier speaker also where last year orderbook grew at 40% and even this year it's 17%. So, is this more transient in nature or do you expect the similar growth to continue for FY24-25? So, if you could just delve a bit more in explaining the trends and why the numbers were more flattish? Otherwise, my questions have already been sent. All the best. Thank you.
- **Mr. Srikanth Reddy – CDSL:**
- Thank you, Mr. Govardhan. Fourth speaker, we have Rohit Balakrishnan.
- **Moderator – Atul:**
- Just give me a moment. Mr. Rohit kindly unmute and go ahead please.
- **Mr. Rohit Balakrishnan – Shareholder:**
- Yeah, hello?
- **Moderator – Atul:**
- Yes, please go ahead.

- **Mr. Rohit Balakrishnan – Shareholder:**

- Yeah, good afternoon. Good afternoon to the management, Board of Directors, and everybody else. So, first of all, I would congratulate you and the organization for the 40th Anniversary and the last three years have been pretty robust for us as a Company and as a shareholder also, you've improved the dividend distribution etc. for which I thank you for that. I have four or five questions. So, Sir, I mean from an aftermarket point of view, I wanted to understand what share of revenues is aftermarket at this point of time and how do you see that growing in the next maybe 1-2 years? This is in the context of what we have been talking about consistently in the last few annual reports and what you also mentioned in your opening speech about this effort has sort of now reached to a stable level. So, if you can just maybe talk about the outlook, how the next 1-2 years in terms of aftermarket could be specifically, and generally, the perception that we understand in most of these cases that aftermarkets are higher margins as well, so is that the case for us as well and do you see that having an impact in our numbers in the coming future? The other question more than exports, so I think we've reached 50, we've crossed 50 crores in exports in the last financial year. So, if you can just talk about what kind of growth are we seeing and where the exports are sort of getting us a Traction, you had mentioned, I think specifically about US. US in general is a big market. So, what kind of opportunity are you seeing and also I think in the - when the plant visit was organized, I think the CFO had mentioned a lot of CIS countries also seeing very good traction. So, if you can just maybe double click on the exports and help us understand a bit more about that and again really the exports are good margins, so if you can talk about that and in the context of these two and the general improved performance, if you can talk about the margins, so one would have assumed that as we have grown in revenues and as after markets and exports have also grown over the last 4-5 years, the margin band should have actually gone up in terms of as a Company, so may be if we can talk about that, if you see that growing in the next may be 1-2 years because as we get operating leverage and as our business mix also improved towards higher margin, one would have expected the margins to have increased even further. So, if you can just talk a bit about that and the other question was Sir, in terms of this year's outlook, how do you see this year? And given that we have expanded and consolidated in Tumkur, so what is the sort of peak revenue that we can do now? Last couple of quarters we've seen around 95-96 crores for revenue. So, is this kind of sustainable and is this the peak or do you think we can deep bottleneck and grow and take it to like even higher number let's say 100-110 or even higher? So, given that we have a very strong order book and inflows have also been strong for last 2-3 quarters. So, if you can just talk about for this year and probably like from the given facility what you can do as your peak revenue, I don't need timelines as such, but just to get a sense? And Sir, lastly, in terms of aluminum, so Wheelabrator, we've been sort of importing and trading there. At what level do you sort of do your own manufacturing or start sort of build your own machines here at what top line level or what scale level and how far are you based on what you see today, how far are you to achieve that? So, if you can just talk about that. That is it from my end and thank you very much for patient hearing. Thank you.

- **Mr. Srikanth Reddy – CDSL:**
- Thank you, Mr. Rohit Balakrishnan and today's last speaker, Mr. Aspi Bhesania.
- **Moderator – Atul:**
- Just give me a moment. Yeah, Aspi kindly go ahead with your question please.
- **Mr. Aspi Bhesania – Shareholder:**
- Sir, can you see me and hear me? Am I audible?
- **Moderator – Atul:**
- Yes, yes, yes. Please go ahead.
- **Mr. Aspi Bhesania – Shareholder:**
- And visible also?
- **Moderator – Atul:**
- Yes.
- **Mr. Aspi Bhesania – Shareholder:**
- Okay. Thanks. Madam, I'm Aspi from Bombay. Please continue with hybrid meetings when the physical meetings start. Annual results were excellent. Even cash flow was very good, for which I congratulate the entire management. Can I expect the same trend to continue? Is this growth sustainable in the current year? Inventories have increased from 515 to 833 million, Sir please try to control the inventories. Madam, our quarter 1 was also good. Quarter 1 margin is reduced year-on-year, whereas margin is increased quarter-on-quarter. Please inform whether Q1 margin or Q4 margin will be maintained. Service contracts constitute how much percentage of our income? Madam, shareholders will demand bonus and split, don't issue bonus shares or split. Let our share price reach 6 figures like MRF. You can consider a buyback before 30th September before it becomes taxable. Madam, please make our Company Secretary, shareholder friendly. In the e-mail, the telephone number mentioned was 22496715, which doesn't work. Telephone number mentioned on the letter head at 22496700 also does not work. I wanted to know my speaker number since there are many meetings today. Although, she's not shareholder friendly, I welcome her as our Company Secretary. I also welcome our new CFO, Ms. Vidya Jayant. Madam Chairperson, CFO, and CS's are all ladies, is this taking women power to the extreme? I hope next year our MD is also not a lady? Madam, any new products will be introduced and what is the order on hand? And if a plant visit is arranged, please arrange for a plant visit in Maharashtra also. Thank you very much. All the best for your future.
- **Mr. Srikanth Reddy – CDSL:**

- Thank you, Sir. Ma'am, please, you can go ahead.
- **Ms. Deepa Hingorani – Chairperson, DISA India Limited:**
 - Yeah, since I was not handed over the proceedings so well, thanks to all the members for some very good, thoughtful, and comprehensive questions. I'll now invite the company's management team to provide equally good responses.
- **Mr. Lokesh Saxena – Managing Director, DISA India Limited:**
 - Thank you. Thank you, Chairperson. Again, thank you very much for asking us very straight and excellent questions. I think I have noted them down earlier as well and now when you are speaking and I can divide these all the questions into 14 heads, which will give you a complete view of what you're looking at from us as an organization and I start my reply from the outlook of what we see. I think the general economic outlook is very positive for us. There's a lot of things happening on the infrastructure side of the industry. Often is slightly fluctuating and slightly subdued at this moment, but that's the nature of the business what we are seeing over the last so many years that a few years are very good and few years are slightly subdued. As an organization, if I relate our growth to the GDP, we are growing more than 2.5 times of the GDP for the last three years and I do not see any reason why this growth cannot continue with the kind of strong order book what we are sitting on at the end of the financial year quarter 1 and the good news for all of us from the outlook side is that the foundry industry has become very, very attractive for a lot of players and we are seeing new entrants in the industry. People who have never been in the foundry industry, they are investing in foundry industry. We are seeing lot of global companies showing a lot of interest through acquisition route to come into Indian market and also a lot of forging companies who have been in this industry for many, many years are now getting into foundry industry. So, we are seeing a lot of traction in the industry, where there's a lot of interest from players who have not been there over a period of time. I think that should give us a room for positivity as we go forward in the next four to five years' time.
 - There was a question around the technology. I think as you all know that the Disamatic vertical technology, we are the global leaders and with no exception, we are our leaders in India as well on that. The other technology what we have is on the horizontal technology. There we are trying to make some improvements trying to create more application orientation around this technology and this particular technology, flex technology is not only doing a good output for the customers and has gained traction over the last few years, but it is also looking at some global markets to go along with this technology. So, from technology perspective, we are not seeing any gap when it comes to vertical because that's what we invented and that's what we are doing. On the horizontal technology side, yes, there are improvement possibilities which we are looking at. On the revenue mix, there was a question about what is the percentage of revenue mix we are having in our entire business.

- So, the revenue mix for our business is close to 65 plus percentage coming from DISA business, about 15% coming from the shot blasting business, 17% from filters. So, that makes it - on the OEM side, so that's how the share of the business is for us.
- On the overall backlog and we are sitting on a very strong backlog and this backlog is about 70% coming from end products, which are going to go to automotive segment and 30% are non - automotive. There was also a comment on the questions that why the share of our overall business in automotive has gone down. So, that is not deliberate. I think as you all know, there is a lot of strong push around the infrastructure in the country. So, a lot of our businesses are coming from industries which are non-auto industries and that's a good sign. So, we are not only dependent on automotive, the other industry is also pitching in for our business.
- Third important aspect on the order booking side is that the domestic business is growing as well as export as well as the IC. So, here I would like to mention that our global organization is helping us out to reach out to some of the markets globally. US is one of the markets where we are being a part of larger projects where we are delivering some kind of balance of equipments from India and the group organization is looking at India as one of the hub to manufacture some of these equipments and that's a very, very positive sign for DISA India Limited.
- When it comes to market shares, our market share in the industry, we are clear leaders in the market share so far as our flagship business, which is DISA is concerned, we are in excess of 50% market for the last so many years and we want to retain that position and we get the patronage of the customers to retain that position as we go forward.
- Our share of business when it comes to shot blasting, where there's more competitive environment in the industry, lot of local players as well as the global players or share of business in shot blasting is less than about 20% at this moment. However, when it comes to shot blasting business, we are clear leaders when it comes to special type and special purpose machines which we are delivering along with our work with the technology center at the global level and manufacturing that in the local level. There are lot of questions which have been there around the aftermarket business. I think it's a very interesting business for us. Correctly in our entire revenue, the aftermarket business holds about 26% share. We all want to increase this much more, but the positive sign of not increasing the share is that our OEM businesses are growing as fast as the aftermarket business. So, we will not see a share increase in the aftermarket part of the business, but the overall business will grow. Yes, aftermarket business, one of the shareholders mentioned is always more profitable. So, we would like to do a lot of activities there to see that how we reach a share, which is much larger than what it is today. In aftermarket business, we have established 5 distributors at a national level and these distributors in last one or two years have also established additional branches. So, with five distributors, our stocks are available in nine locations across the country and we are very, very close to customers where we service our aftermarket through these distribution locations.

- So, there was a question around what is the growth of aftermarket business in this financial year compared to last year? It's about 13%. There was a question around service contracts. I think we have entered some service contracts with some of the foundries, which is like an output-based service Contract. There are four contracts. What we are doing at this moment and that is only increasing every day. So, we are seeing that the industry is going to go into that direction and we are going to move the industry. Being the market driven in this industry, it's our responsibility also to create new ways and new models to the market and that's what we are doing at this moment.
- There was a question around pirates and versus the genuine space. I think we have a lot of minutes on the pirate side. We don't see too many things happening around the DISA line of business, but yes, on the Wheelabrator side, we have a lot of pirates. So, what we are trying to do is to go in a trial mode with our customers to prove them that how our products, how our components are much better performing for them and how does it increase the overall efficiency? And we have done such certain trials with some of our large customers and we have got back the market share from them versus the pirates.
- Our overall outlook on the aftermarket is very positive. I think we are going to run certain more initiatives in the next few years to see that our aftermarket reach, our aftermarket to benefit to the customers is much larger, which will help us to gain more business in aftermarket space.
- On the digital side of the business, I would say the foundry industry is gaining traction in the Indian environment. We are in touch with most of the big players in the foundry industry to establish this digital interface and we have been successful in some cases, some cases we are still working, but I think over the next two to three years' time, the foundry industry in India will get fairly integrated when it comes to digital solutions and we are playing our own role into it. What we are trying to do now is, all our new equipments from DISA and Wheelabrator when we are offering as a part of the OEM equipment, we are trying to digitize those equipment or making it digital ready as a part of our installation process. So, I would say that almost like 80% of the foundry's new businesses and at least 30% of the Wheelabrator businesses, the products which are going from us are already digital ready and that is going to help us to connect those equipments over a period of time and give some digital solutions around it.
- I would say the journey has started and it's a very long journey because many of the customers are not ready in this direction. The smaller foundries are not ready, but yes, when they see some large foundries getting successful out of it, I think then the momentum of digitization will grow very high. Currently, I would say the adoption rate is not as far as our expectations. There was a question around the aluminum business. Today, we are doing aluminum business and the role of DISA India is basically the sales company for those aluminium businesses. We are still producing all our Italpresse machines and StrikoWestofen machines back in Europe and we are serving the Indian market through import process through an import route.

- We are still in the process of evaluation as to does the Indian market give us sufficient volumes in terms of creating a good business case where we can start producing in India. We have still not reached a final conclusion on that, but yes, I think that's going to be a very interesting you know discussion when we start to do that. Today, all our customers are being served on the OEM side from the global production organizations, but when it comes to the aftermarket business, we are hosting all our stocks of say, Itaipresse and also StrikoWestofen within India to service the aftermarket business and that's where we are able to successfully serve the customers locally.
- Export is a very good, you know direction for us and I think the consolidation process has only given us a lot of room to look at exports because we have created a lot of skill you know utilization within one plant out of the two plants. What we are doing in export today is, we are doing exports around the Middle East, the sub-Saharan Africa locations. So, the new countries where we started exporting have been into CIS countries like Uzbekistan. We are also exploring opportunities in other countries like Kazakhstan and Azerbaijan. Apart from this, the organization at a global level is helping us to go out to other markets like Brazil, where we have installations we have done. We have done installations across Egypt. We have done installations within Europe and also we are going to do installations across the US. So, US is coming out to be very promising when it comes to balance of plant equipments which are being sourced from India.
- Export growth, we have seen over the last many years and we will continue with the export growth only if we don't get challenged with the geopolitical situation, when it's coming in the way it is and especially in the Middle East and in some parts of not in Europe, but close to Russia and Ukraine.
- I'll now come to one of the important you know, topics on capacity and there were questions around what is our capacity and what is it that we are going to do on that. I think from the consolidation perspective, we have come a long way. I think 2 plants getting into one plant. We did a lot of outsourcing in the process. So, today there are some product lines which we are outsourcing quite a lot from the assembly perspective and I think the capacity is not about the land what we have, capacity is about the ecosystem what we are able to develop across and that ecosystem is about suppliers, that ecosystem is about the right suppliers can get us things correctly, can get the right quality to us. I think we are in a continuous endeavor to create this ecosystem around us and I can say confidently that whatever order backlog which we are sitting on as of first of 1st of July and some more, we can still deliver from our current capacity. If I want to give a number to it, I think we can reach close to ₹4500 million of delivery from the existing plant operations. When it comes to enhancement of capacity, I think we will never hesitate to invest in the business if we have to do that and that evaluation is a continuous process for us, and that evaluation whenever we have a decision around it, we'll be coming forward and definitely speak on that subject to all of you.

- There are two, three other you know aspects of our discussions. I think one question was around the pricing power and the competitive landscape. I think we have a lot of competition now building up for all our businesses and it is not limited to only the Wheelabrator or DISA, but that's the ecosystem in which we are operating. We are the market leaders and we are the price leaders and we want to hold that position as we go forward and our way of doing business will help us to hold that position because we are not selling equipments, we are selling solutions, and that's what we do in the marketplace.
- Our way to go to customers is consultative. It's not about offering an equipment, but offering a whole solution. It is also about the capability of delivering from our side end-to-end right from the drawing stage to the to the delivery stage of handing over the entire project. So, we have very strong capabilities which we are utilizing today and which we have developed over a period of time to see that our customers get the best out of us and I can assure the shareholders that the competitors are not so close to us in this aspect. So, we continue our price leadership, we continue our market leadership in this format.
- Our EBITDA numbers have grown. Definitely this year has been pretty exceptional, but I would say that the EBITDA numbers we have been able to control costs quite a lot despite gross margin going down where the cost of the materials and other that has gone up, but we've been able to recover all of that from the marketplace. So, we are not, we are not, we are very, very clear that whatever cost increase we get within our business, we are able to recover back from the market by a good dialogue process with our customers and that's the reason you're not seeing a fall on the EBITDA number. So, that is something which I can assure you that our focus is very, very profit-based and we will not let the profit you know go down any time during the year or in the next few years as well.
- So far as our dividend policy, there was a question on the dividend policy. The dividend policy is directly linked to what we do as an organization, how we perform as an organization, and we have seen in the last three years when we have performed very well. I think we have shared that back as a part of the dividend to all of our shareholders. I think this is all unless until I have missed anything Chairperson.
- **Ms. Deepa Hingorani – Chairperson, DISA India Limited:**
- Well, first of all, thanks Lokesh for these very comprehensive and clear answers to the questions raised by the members. The two things that I'd like to add. One is on the comment made about our contact details not being fully updated. We will certainly look into that and see if any updating is required. Second is, I want to assure all the members that DISA India Limited is making its recruitment on a merit basis and not, you know, making selections based on gender. So, with that, I will then say that members who are yet to vote are now requested to cast their votes using the e-voting facility of CDSL.

- E-voting facility will be available for 30 more minutes from the conclusion of this AGM. The results of the remote e-voting and e-voting during the AGM will be declared on receipts of the scrutinizer's report and placed on the Company's website and sent to the Stock Exchange within two working days from the conclusion of the AGM. Finally, then, on behalf of the Board of Directors, I'd like to thank you all for participating in the meeting and I hereby declare the proceedings as closed. Thank you all very much and see you next year.

End of Transcript