

## **TRANSCRIPT FOR THE 66<sup>TH</sup> ANNUAL GENERAL MEETING OF CARBORUNDUM UNIVERSAL LIMITED HELD ON 29<sup>TH</sup> JULY 2020 THROUGH VIDEO CONFERENCING**

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### **Chairman:**

Ladies and Gentlemen,

I have great pleasure in welcoming you to the 66<sup>th</sup> Annual General Meeting of your Company. This meeting is being convened electronically through the Video Conferencing mode. I hope you and your family members are all safe and in good health.

In view of the prevailing lockdown situation across India due to outbreak of the COVID-19 pandemic and resultant travel restrictions as well as continuing Government guidelines to maintain social distancing, the Ministry of Corporate Affairs, Government of India has permitted companies to hold their Annual General Meeting through Video Conferencing/Other Audio Visual Means ('OAVM') and also has also allowed companies to send the Annual Reports and the Notice convening the Annual General Meeting electronically.

Considering the health and safety of all our stakeholders and in particular, our shareholders, the 66<sup>th</sup> Annual General Meeting of the Company is being conducted through Video Conferencing to avoid the physical presence of members at a common venue. The soft copy of the Annual Report has been sent to all the Members holding shares in dematerialised mode and whose e-mail addresses are available with the Depository Participant(s) as well as to all Members holding shares in physical mode whose e-mail addresses are registered with the Company or the Company's Registrar and Transfer Agents.

The requisite quorum is present and therefore, I now call the meeting to order.

The Register of Directors and Key Managerial Personnel and their shareholding, the Register of Contracts or arrangements in which Directors are interested, the Certificate obtained from the Statutory Auditors of the Company confirming that the Company's Employee Stock Option Schemes have been implemented in accordance with SEBI Regulations & the resolutions passed by the shareholders in this regard and the other documents mentioned in the Notice convening this meeting will be available for inspection by the Members. Members seeking to inspect such documents may kindly contact the Company Secretary.

As mentioned in the Notice convening the meeting, since the meeting is being held electronically, proxy related procedures have been dispensed with which is in line with the regulatory requirements i.e. shareholders may participate and speak and proxies may not be able to do so.

Let me now introduce to you our Board of Directors, Auditors and my colleagues in the Company who are also attending the meeting through Video Conference from their respective locations.

Today, we have a full Board in attendance.

We have Mr. Sanjay Jayavarthanelu who is the Chairman of Audit and Nomination and Remuneration Committee joining us from Coimbatore. We have Mr. Aroon Raman, Chairman of the CSR Committee, joining us from Bengaluru. We have Mr. P S Raghavan, Chairman of Risk Management Committee joining us from Bengaluru, Mr. Sujain S Talwar, joining us from Mumbai, Mrs. Soundara Kumar, joining us from Coimbatore, Mr. M A M Arunachalam, from Chennai, our Managing Director Mr. N Ananthaseshan, who is here with me to my right.

We also have our colleagues Mr. Ninad Gadgil who heads the Abrasives business. He joins us from Chennai. Mr. Rajesh Khanna who heads Industrial Ceramic as well as Wendt (India) joining us from Bangalore, Mr. V G Rajendran who heads Refractories and Composites joining us from Chennai, Mr. P S Jayan who heads our Electrominerals business joining us from Cochin, Mr. Rajkumar Arul, Sr. Vice President - Human Resources, joining us from Chennai, my colleague Ms. Rekha Surendhiran who is here to my left – our Company Secretary. We also have with us here at our location Mr. P Padmanabhan, Chief Accounts Officer, Ms. Janani and few other colleagues.

Our Statutory Auditors, M/s. Price Waterhouse Chartered Accountants LLP represented by Mr. Vivek Subramanian, Partner have also joined us from their location in Chennai.

Mr. R Sridharan of M/s. R Sridharan & Associates, Secretarial Auditor as well as the Scrutiniser for the e-voting process has joined this meeting from Chennai.

Your Company, by virtue of being a listed company, is required to provide an e-voting facility to all its shareholders. Therefore, voting by show of hands is no longer permitted. The Company has engaged the services of M/s. KFin Technologies Private Limited to provide the facility of remote e-voting to all its members to cast their votes on all businesses contained in the Notice. Voting will be in proportion to the shares held by the members as on a cut-off date and this date is 22<sup>nd</sup> July 2020 in our case.

Also in line with the regulatory requirements, remote E-voting facility on KFin's e-voting platform had been provided to the members of the Company for four days starting from the 25<sup>th</sup> of July 2020 until the 28<sup>th</sup> July 2020. This module was disabled for voting thereafter by Kfin.

As mentioned in the Notice convening the meeting, such of those members who did not or could not avail the remote E-voting facility, the Company is very pleased to provide this facility to cast their votes electronically during the AGM on all the proposed resolutions. And this can be done through KFin's Instapoll mechanism. The Instapoll facility will be activated at the end of the meeting. Members can avail this facility and cast their votes on the resolutions proposed in the Notice. Let me reiterate that this facility is available only to those members who have not cast their votes through the remote E-voting facility provided earlier by the Company.

The Board has appointed Mr. R Sridharan of M/s. R Sridharan & Associates, Practicing Company Secretary for scrutinising the E-voting process in a fair and transparent manner. Once everyone has cast your votes, the votes will be counted by Mr. R Sridharan. He will then unblock the results of the remote E-voting which will be considered and consolidated with the results of the voting done today during the meeting.

The Voting Results along with Scrutinizer's report will be communicated to the Stock Exchanges within 48 hours and these results will be placed on the website of the Company and on e-voting platform of KFin.

The schedule for today's meeting will be as follows:

I will make some introductory remarks about the performance of the Company during the year 2019-20 and also give you a brief glimpse of the first quarter of 2020-21. After I conclude, my colleague Mr. N Ananthaseshan, Managing Director will present the operational highlights during 2019-20. After the presentation, those of you holding shares in your name and registered as a Speaker at the meeting will be invited to speak. Considering the time of all those attending the meeting, we request the Speakers to be brief and restrict their address to matters relevant to the business contained in the notice. After this, the questions or queries raised by all Speakers or by shareholders who have already registered the same in the link provided by M/s. KFin for this purpose will be tabulated and answered. I will attempt to answer them and I will seek my colleague's support to answer any unanswered questions from my side. After all queries have been answered, the meeting will conclude and those of you who have not yet cast your votes will be given an opportunity to exercise the same.

Ladies and Gentlemen,

The Annual Report for the financial year 2019-20 has been sent to you some time ago and I trust it would have given you an overview of the performance of the Company.

Today, we are facing an unprecedented crisis - the novel Corona Virus Disease, a global pandemic which has not only affected economies across the world but it has really turned our lives upside down. Resilience, Compassion and Hope are the need of the hour. Hence, I urge all of you to be safe, positive and optimistic to overcome these challenging times. And at this time, it is important for me to pay tribute on behalf of the Company to all those involved in the public health, in the hospital systems, in the administration, in various parts of the country, the world and particularly where our Company's operations are located. All of them have really risen to the occasion and they have also given us a small opportunity to be of support to them.

The global economic growth forecast for the year 2019-20 was already indicative of macro uncertainties owing to various international and geo-political trade tensions, rising protectionism, stringent monetary policies etc. Though the Indian economy was poised for a modest rebound,

the outlook continued to be fragile against the backdrop of rising debt and declining productivity. The growth in emerging and developing economies was expected to be better with India still remaining one of the bright spots. However, the onset of the COVID-19 has caused in our view the deepest global recession in several decades. While the outcome is still uncertain, the pandemic is expected to result in contractions across economies causing lasting damage to labour productivity and potential output.

The growth momentum in your Company - CUMI which was initially impacted by the slow-down in the Automotive and other core industries during the financial year 2019-20, was on a rebound when the pandemic struck. While the impact caused a 7% decline in the standalone revenues of the Company, the geographical diversification of operations aided in reducing the decline to 3% at the consolidated level.

Lower demand across user industries including the intensified growth decline in Automotive in particular, a slow-down in core industries caused cascading effect on other user industries resulting in an overall decline in growth. This coupled with the shutting down of operations in adherence to the Government directives for a lockdown to combat the spread of COVID-19 towards the end of last financial year impacted the overall performance.

Despite the declining growth, the profitability of the Company continued to be protected by operational efficiencies through the practice of Total Productive Maintenance or TPM. We also looked at rigorous cost management. The improvement in profitability was also attributed to an increase in non-operating income as well as reduction of corporate taxes during the year. The Company remains debt-free owing to prudent working capital management and well-executed capital expenditure programmes providing the much-needed liquidity during these crisis times. Capital Expenditure, focused on capacity increases, facilities for new products as well as regular maintenance was met entirely from internal accruals.

During the year, the Company made an interim dividend payment of Rs.2.75/- per share of Re. 1/- each which is at the same level as that of the previous year. Considering the prevailing uncertainties in business conditions and for efficient cash management, the Board has very prudently recommended the interim dividend paid during the year to be confirmed as the final dividend for the year.

Now coming to the operating divisions of the Company.

Abrasives is the largest segment of CUMI and this segment is engaged in the business of engineering surfaces. Abrasives recorded an 11% decline in growth during the year following a decline in growth in user industries mainly Automotive, Auto ancillary, Fabrication and General Engineering. While the business in Coated Abrasives did reasonably well, the impact of the industry slow-down was very evident in Bonded Abrasives.

However, despite this, during the year, a state-of-the-art Coated Maker facility was commissioned in Sriperumbudur, Tamil Nadu, India – doubling the existing capacity – to cater to the demand for Coated Abrasives products globally. The focus on new markets and products continued, duly supported by a robust distribution network. The indigenous sourcing of input materials and better efficiencies through TPM practices helped drive operational efficiency.

The revenue growth in Volzhsky Abrasive Works, (VAW) our Russian subsidiary and Wendt (India) Limited, joint venture company making Super Abrasives, Grinding Machines and precision components was impacted again owing to their dependency on the domestic Auto sector in their respective markets and also a downturn in line with the global Auto sector. The mixed Kharif crop season in India impacted the business of Sterling Abrasives, another subsidiary which manufactures specialist conventional Abrasives. The business in CUMI America showed a good growth riding on the back of increased product establishments and good customer acquisitions. CUMI America turned profitable during the year. CUMI Abrasives and Ceramics Company, China bore the initial brunt of the pandemic ahead of the others because the outbreak there started as early as November 2019.

In Ceramics, despite being a challenging year both in India and globally, the Ceramics business recorded a 4% growth over the previous year. The Industrial Ceramics Business comprising, Technical and Wear Ceramics is largely export-driven. Focused marketing efforts, penetration into new markets and servicing a global customer network cushioned the business from the adverse effects of the pandemic and the economic slow-down. The Business also received the prestigious CSIR Diamond Jubilee Technology Award for development of global-scale technologies during the year. Capacity expansion plans with an addition of a continuous metallization furnace as well as smart manufacturing initiatives were undertaken, and the Business continues to have a strong focus on technology development.

In the Ceramics vertical, CUMI Australia, the subsidiary engaged in lined equipment business continued to perform well with a marginal increase in revenues and profits. With an improved performance in CUMI America, the overall consolidated performance of Industrial Ceramics was quite satisfactory considering the prevailing conditions.

Refractories and Composites part of the business delivered an improved performance during the first half of the year. However, the cascading effect of the slow-down in core industries resulting in project and capital expenditure deferrals by our customers adversely impacted the performance of this business in the second half. The Company's joint venture Murugappa Morgan Thermal Ceramics, engaged in manufacture of Ceramic Fiber products had a very good last year, but this year the performance was subdued for the reasons I mentioned in the other businesses.

Electrominerals with has its customer portfolio significantly based in Refractory and Abrasives businesses, recorded a marginal growth of 1% in revenues over the previous year. This was mainly attributed by the growth of this business at Volzhsky Abrasives Works in Russia supported

by a favourable product mix. Volzhsky Abrasives Works is one of the single largest locations for manufacture of Silicon Carbide worldwide. During the year, the business very successfully converted its Zirconia Fusion facility to a White Fused Alumina Fusion facility and also commissioned a pilot plant to produce small quantities of Graphene. The Business continues to explore value addition through product and process innovations.

The generation of power at our Maniyar Hydel plant which provides power in part to our Electrominerals business improved significantly over the previous year. This helped the business maintain better margins. This plant, as well as the business in the Special Economic Zone in Cochin, received the Sreshta Suraksha Pursaskar from the National Safety Council. This is indeed a very proud moment for all of us. The performance of the South African subsidiary continues to be wedged by high fixed costs, impacting its profitability. Exit options are being pursued to curtail future losses.

Amongst the other investments of the Company, Southern Energy Development Corporation Limited, the gas-based power generation subsidiary which was severely affected by cyclone during the previous year, marked a good growth of 27% in revenues and almost uninterrupted operations until the last week of March. Net Access, the subsidiary providing IT facilities management and allied services recorded a marginal growth in turnover as well as profitability considering prevailing market conditions. So overall ladies and gentlemen, it's been a mixed year. Some parts of our business not doing so well because of market decline, some other parts of the business, because of the constant customer engagement in India and worldwide doing better, some of our subsidiaries in Australia and Russia doing extremely well. But overall the business was quite flat as a Company.

Turning to the first quarter of 2020-21, unaudited results of the first quarter of this FY 2020-21 which was approved by the Board of Directors earlier today. The Consolidated Revenue from Operations was Rs. 449.58 crores as compared to Rs. 671.4 crores in the corresponding period of the previous year. Quite naturally as you will all know, this is an outcome of the pandemic in India and across the world. However, the Company remained profitable with the net profit after tax with Rs.19.25 crores.

## **Research and Development**

The Centers of Excellence recognized by the Department of Scientific and Industrial Research, Government of India set up across locations in the Company continue to drive the R&D activity at CUMI. In these very challenging conditions, it is very crucial to ensure its long term competitive advantage. CUMind – the customized innovation framework based on design thinking methodologies has since been institutionalized and hopefully this will play a significant role in leveraging this to CUMI's advantage.

## **Human Resources**

The onset of the pandemic and the combat measures being taken globally reiterates the fact that people remain the top priority not only for organisations but also for countries. CUMI is no different. The year witnessed a continuing focus on training and development for re-skilling & up-skilling the diverse workforce of the Company in India and across the world, also ushering in a culture of innovation & high performance. There have also been leadership changes. Under the able leadership of Mr N Ananthaseshan, who is here with me on my right. He has recently taken over as Managing Director from Mr K Srinivasan who superannuated in November 2019. The teams across CUMI, its Subsidiaries and Joint Ventures have shown exemplary resilience in handling the COVID-19 situation with both conviction and commitment. Proactive awareness campaigns on health and hygiene, swift policy formulations, effective crisis management, well thought out business continuity plans, empathy with care to not only fellow workers but to the society at large around our operations particularly showcased the best in our people.

Employee Health and Safety at the work-place remained top priority not only during the year but also when operations were closed during the lockdown periods. In adherence to the guidelines, the plants were temporarily suspended reinforcing our commitment to the health and safety of all our stakeholders. As and when relaxations were allowed, with due permissions from the local administrative authorities, the operations resumed in a secure manner following requisite safety and maintenance protocols. A significant portion of our people continue to work from home in a safe and secure manner constantly engaging with customers and supply chain partners.

CSR initiatives of the Company largely centered around CUMI Centre for Skill development (CCSD) as well as many initiatives in the field of education and healthcare were undertaken during the year. The Company made significant monetary contributions to combat the COVID-19 pandemic besides actively helping communities in its various locations. During the lockdown, the canteens of the various plants in the Company served as community kitchens serving the needy. The selfless voluntary service of our employees helped reach relief materials to not only migrant workers but also others requiring similar support.

During the year, CUMI continued to be a proud recipient of several prestigious recognitions and this shows our commitment to constantly excel in what we do. The details of such awards and accolades are given in the Annual Report.

Mr. K Srinivasan retired from the Company on 22<sup>nd</sup> of November 2019 as the Managing Director. He served the Company passionately for more than three decades. CUMI's international expansion as also resilience to withstand turbulent times such as this is owed greatly to the leadership of Mr. Srinivasan. We greatly appreciate his contribution in building CUMI into a strong organization and wish him well in his retirement.

Ananth, as he is affectionately called, took over as Managing Director from 23<sup>rd</sup> November 2019 and he has had to lead the organisation under most difficult and tough conditions that we have not seen before. We are sure that he along with his leadership team across various countries will

lead CUMI well and help to tide over this difficult phase smoothly. Mr. Ninad Gadgil joined the Company during the year to head the Abrasives Business. We wish Ananth and Ninad all the best in their roles.

After serving the Board for 18 years, Mr T L Palanikumar retired during the year and so did Mrs. Bharati Rao after serving the Board for 4 years. We are indeed grateful for their expertise, wisdom, and support during their tenure. We thank them for their guidance to the Company and wish them well.

We are pleased to welcome to the Board, Mrs. Soundara Kumar, a successful banker of outstanding merit and thus giving the Board a balanced and diverse composition. The Board has been a very great support to the Company, the leadership team and to me personally with their active involvement, wise counsel and expertise. Their continuous encouragement and guidance during these unprecedented times is a source of inspiration to all of us so that we can navigate the future with optimism.

We thank all our stakeholders, customers, suppliers, vendors, bankers, Government authorities, regulators and yourselves - shareholders for your unstinted support and encouragement in our journey to craft a future path traversing into new dimensions of material science and technology.

While the future remains uncertain now owing to this unprecedented pandemic and continuing grim forecasts, we assure you that we will do our very best to stay strong in our purpose of Making Materials Matter by providing solutions for an enduring planet.

Ananth, our Managing Director will now present the operational highlights for the year 2019-20.

Good evening ladies and gentlemen. Once again, welcome to the 66<sup>th</sup> AGM of CUMI. It's my pleasure to take you through briefly the business environment and performance of the Company. The last year and especially the last few months has been very VUCA times like none of us has experienced before. This large scale global uncertainty compounded by the Corona Virus has demanded individuals and companies alike to dig deep into their inner strength, resolve and resources, first to just survive and then maneuver a path to grow.

Carborundum Universal Limited was born out of a tripartite joint venture and has over its past 66 years grown from a company manufacturing and distributing Abrasives to a company that manufactures synthetic materials, shaped ceramics, polymer composites addressing a variety of end use applications across industries and markets. Though the last two decades, the company has also significantly increased its global footprint gaining access to critical raw materials, markets and people resources.

As you will see here, the Company's purpose has crystallized to offering material science solutions across surface engineering, heat containment, wear and corrosion across industries to products



that are often designed and co-created to meet the demanding application requirements. This is the team at CUMI, guided by our Chairman Shri. M M Murugappan, which is a good mix of professionals from across the globe, highly competent and experienced. Varied businesses with strong value chain integration, diversity of people and markets and a culture of innovation is what makes CUMI a very resilient organization. What is shown here is a current structure of CUMI, its presence in various global markets.

The past year has been very tumultuous. Slowdown in global growth due to the widespread economic downturn and accentuated by a decline in auto industry and geo-political factors also impacted India. We saw sectors like auto, construction, engineering, manufacturing and other core industries seeing a sharp decline. Increasing cost of ownership of the automobiles, higher emission norms and the NBFC crisis led to lower credit availability were some of the triggers.

Consequently, the Company's consolidated turnover dropped by about 3% to Rs. 2569 crores while maintaining a PAT growth of 10% to Rs. 272 crores. Here, we see the standalone performance also dip by about 7% to Rs. 1623 crores. However, the financial resilience of the Company is very evident as its history of profitability and unbroken dividend payouts, very stable return on equity and now is a zero debt company.

When you look at what makes CUMI resilient, these are all the factors that we saw - its varied markets, its diverse businesses, its product segments, its people, its competitiveness and then its culture of innovation.

The bigger segment of the Company, the Abrasives, which is in the business of engineering surfaces and addressing a varied set of industries and keeping its emerging trends and opportunities in the space, the Company set up the expansion of the Coated Abrasives manufacturing facility and doubling its capacity. So you would see that the movement of Abrasives where it is moving from material removal to material finish is causing this trend in increasing Coated Abrasives. This is a view of the plant which is come up in the Sriperumbudur location.

The Electrominerals business which is the next big division which manufactures minerals for the Abrasives, refractories and engineering sectors is a global business and which forms the backbone of industrialization. The emerging trends in the use of high performance materials also offers it tremendous potential in areas like semi-conductors, energy storage and light weighing applications, developing sectors for the future.

The picture here shows how the team responded to the opportunity and pivoted by converting its zirconia bubble furnace into a white fused alumina fusion facility quickly. The picture we see here is of our facility in Russia, the Volzhsky Abrasives Works which manufactures Silicon Carbide and as Chairman mentioned, this is the single largest location manufacturing silicon carbide in the world. There, the Sic expansion is on the way.

The Industrial Ceramics part of the business is very technical in nature and is an export focus business addressing applications in wear, thermal protection and corrosion resistance. This also addresses core industries, renewables and alternative energy applications globally.

This is a view of our team in Australia preparing Ceramic Lined Equipment for coal washeries and iron ore mining. This is a view of the investments that we have made in the Ceramics, the second METZ 2.5 line as we call it which will see the commissioning in the second half of this year and then we have the Nitride Bonded Silicon Carbide facility in Russia and the sintered Silicon Carbide facility again in Hosur, India.

The Refractory Ceramics and composites also addresses Steel, Non-ferrous power generation chemical industries for heat containment and corrosion and waste incineration. The culture of innovation has been the backbone of CUMI and this has resulted in the teams constantly coming up with new products, the new product vitality index of the Company stands between 23 to 27% and we endeavor to ensure that we generate a clutch of new products constantly. One of the products shown here is developed for Abrasives. In composites, these are parts for Electronic EV cars and some of the defense applications. And flue gas desulfurization chimneys and spray headers and also IOT enabled wear monitoring devices.

These are some of the other products in Ceramics of Engineered ceramics as we call it and also Wear Ceramics for wear applications.

CUMI has always been known for its people development and capabilities and that is our main strength. Here we see the diversity of the people in terms of global mix, cultural diversity and the skills which these teams bring about has only added to CUMI's strength.

This is a snapshot of teams working with global partners and customers and various expos. And again, this network of contacts has strengthened the team and its resilience.

Awards and recognitions help us measure ourselves against the best and motivate us to do better. The prestigious CSIR Diamond Jubilee Technology Award is one such award that recognises the efforts of companies in the country in innovating new products and creating a global business. CUMI received this award earlier last year for its Metallised Cylinders product range. The other awards mainly are in the fields of productivity, energy conservation, innovation, TPM excellence, excellence in financial reporting, Corporate Governance, community development and skill building are the others that enthuse us to continuously improve.

At CUMI we are also very particular about building and strengthening the talent pipeline. Though even in these tough conditions, we continued our recruitment and training of engineers, doctorates and skill workforce. The design thinking and stage gate processes are some of the tools that drive innovation resulting in a significant increase in IP registrations.

Corporate Social responsibility is a part of the DNA of the Murugappa Group and CUMI and this is reflected in our efforts both as corporates and individuals contributing resources and time to the betterment of the society. This is a snapshot of the inauguration of the new CUMI Centre for Skill Development at Hosur which was inaugurated by the Board of Directors.

This is the COVID and the lockdown which happened which came into effect from 23<sup>rd</sup> of March necessitated large scale changes to organisation and behaviours. Though as the lockdown was lifted in phases, all our plants came to operations online adopting safe workplace practises and to ensure the health and safety of the people, customers and supplier partners.

So while this pandemic rages on and the future is not so clear, we are steadfast in ensuring that we have control on what we will focus on. That is strengthening the foundations of processes, efficiencies and cost, while scouting for opportunities to grow and preparing ourselves for the future.

With clear focus on our key strengths, innovation, people, distribution, global presence and supported by a strong balance sheet, the Company will continue its vision of becoming a global Material Science company by Making Materials Matter.

The last quarter has been a very unique experience. While our plants were shut and got back to operations in a phased manner, many of us learnt new behaviours like working from home and leading remotely,. I would like to take this opportunity to thank all my colleagues across the CUMI family. Our customers, partners, distributors and the constant guidance and support of our Chairman and Board of Directors for helping us see through this wierd times. Thank you all again and be safe.

Thank you Ananth. I will now come to the next part of the Annual General Meeting relative to resolutions.

The Notice dated 6<sup>th</sup> June 2020 convening this meeting along with the copy of the annual report for the financial year ended 31<sup>st</sup> March 2020 has already been circulated and with your permission, I shall take the same as read. The Auditor's report on the financial statements of the Company does not have any qualifications or observations or comments on the financial transactions or matters having any adverse effect on the functioning of the Company. There are no qualifications, observations or comments in the Secretarial Auditor's report as well. Accordingly, the reports are not required to be read at the meeting.

The Ordinary businesses set out in the AGM notice pertain to the adoption of the Standalone and Consolidated Financial Statements, Confirmation of interim dividend of Rs. 2.75/- per equity share of Re. 1/- each as the final dividend for the financial year 2019-20, re-appointment of Mr. M A M Arunachalam as Director. The Special businesses set out in the AGM notice pertain to the Appointment of Mrs. Soundara Kumar as an Independent Director, approval of payment of

Commission to myself – M M Murugappan, ratification of payment of remuneration to Cost Auditors for the financial year ending 31<sup>st</sup> March 2021. The resolutions and the explanatory statement in respect of the above proposals wherever applicable have been provided in the Notice.

A few shareholders have registered themselves as Speakers at this meeting. We have also received a few other queries on the portal which I will respond to at the end. May I request now the moderator to facilitate shareholders to speak regarding the accounts and operations of the Company in the sequence of their registration?

I request the Speaker members to be judicious with time and kindly restrict yourself to about 3-5 minutes. We will hear all the queries first and after which I would be pleased to provide my responses and also have them answered by my colleagues wherever possible.

Moderator sir – May you activate the first speaker please.

Moderator: Thank you sir. I will bring the speakers one after the other. We first have Mr. Santosh Kumar Saraf. Mr. Santosh we request you to kindly unmute your audio, switch on your web camera and proceed with your question.

Santosh Kumar Saraf: Respected chairman and board of directors and my fellow shareholders who have attended the meeting through video conferencing from various places. My name is Santosh Kumar Saraf. I am from Kolkata. With this COVID situation, I get a chance to attend this meeting which is held remotely otherwise I would never get a chance to attend this meeting. This is my good luck, last day I attended one meeting and today another meeting.

Mr. Murugappan - I very much thank you and request that next year if a physical meeting is held please give a chance to provide video conferencing facility as well. I think video call meetings are less expensive than other meetings. I also request you to send an annual report in e-book formation because it is difficult to view on the back on the laptop. In this, a few lines are not able to be seen. In this regard, next time when you send the annual report whether it is a physical meeting or any other sort of meeting, please send it in PDF format so we can easily see sir. Thank you for providing a good dividend of Rs. 2.75 even in these tough times. In this COVID situation, many companies skipped dividend but you have given the dividend. I also request you to please increase woman employee numbers. 2272 is the total employee count. You have only 94 members. In South India, female staff are very comfortable and workable. So your company is in South India, so please try to increase their percentage level up to 20 to 30% sir. Our disabled employees are only 10. (Speaker is inaudible).

Moderator: Mr. Santosh Kumar – we are losing your voice. There's a connection problem with Santosh Kumar who will get back to him later. Now I request the next speaker Mr. Abhishek to kindly unmute the audio, switch on your web camera and ask your question.

**Abhishek:** My name is Abhishek I am the shareholder of the company. My DP ID Client ID is IN301637 and my client id is 41359155. First of all, I congratulate the management on the eve of the 66<sup>th</sup> Annual general body meeting. And we can see a bright background behind our Chairman, we can see a bright future for our share in the coming future. In this pandemic situation also, our management has decided to give a very good dividend this year. Even though our share price has come down in the market still the management is giving a very good dividend. We are happy about that sir. We wish a very good and bright future for our company. Thank you for giving this opportunity, Sir. I don't have any questions in the Annual report. The Annual report is perfect. Each and every point if I search also I cannot make out any question in Murugappa group sir. Thank you for the opportunity, sir.

**Moderator:** Thank you Mr. Abhishek. Now I request the next speaker M V Murugappan HUF to kindly unmute the audio, switch on your web camera and ask your question.

**M V Murugappan HUF:** Thank you for giving me the opportunity to speak at the AGM. As you all know, my late father Mr. M V Murugappan was the Managing Director and Chairman of CUMI over a 25 year period. He was a visionary and under his strong leadership, CUMI became India's leading manufacturer of Abrasives and successfully expanded its business into Industrial Ceramics, hydroelectric and Thermal energy. I am happy to see that CUMI continues to grow by the strong foundations laid down by my late father. However, there are some areas of concern which I would like to raise some questions on. CUMI's profitability and market capitalisation is consistently trailing back of its closest competitor Grindwell Norton in spite of higher revenues. To put that quantitatively, although CUMI's financial year 2019-20 revenue is 64% higher than that of Grindwell Norton, its PE multiple is less by 13.22. And its profit before tax per cent is less by 185 basis points. Further, the market cap of CUMI is 83 per cent that of Grindwell Norton. So my first question regarding this is why is CUMI trailing Grindwell Norton in profitability, market cap and PE multiple despite having higher revenues. Question two is what is specific that you plan to focus on to close this gap. And I have a question relating to R&D. The Chairman in his speech emphasised the importance and focus on R&D to maintain a competitive advantage. As a scientist, I couldn't agree more. In this regard, I have two questions a) How many patents has CUMI filed each year for the past three years b) Nanotechnology as you know has far-reaching implications in the areas of material science and technology and has been a key enabler in a vast number of industries. Some of them are core to CUMI. What investments does CUMI made in the areas of nanotechnology? Thank you. And I have one request. As there are a number of queries from various speakers and the queries are answered together at the end of the speaker session, it would be helpful if the management could reference the questions prior to providing the answers to each. Thank you.

**Moderator:** I now request the representative from Sundaram Mutual Funds to kindly unmute the audio, switch on your web camera and ask the question.

Moderator: I once again request the representative from Sundaram Mutual Funds to kindly unmute the audio, switch on your web camera and ask the question.

Moderator: Looks like there is a connectivity issue at the end of the representative of Sundaram Mutual Fund. With that, all the speakers who have registered are provided an opportunity to ask their question. I now hand it over back to the Chairman.

Chairman:

I will now answer the questions and also request my colleagues to also assist me in this process for questions that I may not have an answer. I will first go to Mr. Santosh Kumar Saraf. Thank you for participating in this meeting from Kolkata. As far as next year to have a physical meeting, it will entirely depend on the containment of the COVID pandemic and also the government of India rules and regulations. Therefore we shall wait and we hope it will clear by then. If so, there will be a physical meeting, if not so people have to settle for meeting in electronic forms. The next point you mentioned sir that the Annual report was difficult to view. Our apologies if it was in a form that it was difficult to view. We will certainly make it better next time. We appreciate your commending the board of directors for the dividend, we will certainly endeavour to do our very best. Times are very difficult, so going forward as well we will try to do our very best. You talked about the increase in the number of women employees. We certainly will take that on board. We do have quite a few women employees and we have them both in India and overseas.

And the set of questions came from Mr. Abhishek. Thank you very much for your congratulations and good wishes. And we also appreciate your commending the board of directors for declaring a good dividend.

Third, a set of questions came from Ms. Valli Arunachalam representing Mr. M V Murugappan HUF. We greatly appreciate and remember Mr. M V Murugappan because he was the Managing Director and Chairman of CUMI for many many years. So at CUMI, we are developing further on the foundations laid by him and we are developing this on an International footprint well in addition to the domestic business. You also had a question related to profitability and market capitalisation. As far as the profitability and market capitalisation, I will dwell on profitability. The comparison has been made with M/s. Grindwell Norton, a very fine company which is part of Saint Gobain and its majority owned by Saint Gobain worldwide. CUMI has continuously been working towards innovation and working with its own technology and technology development in order to compete with not only M/s. Grindwell Norton but with other companies worldwide as well. Your information relative to profitability being less than that of Grindwell Norton. We do respect that and appreciate it and it is our continuous endeavour to address three dimensions. Growth, efficiency and capability. While addressing three dimensions growth, efficiency and capability, we do hope to close that gap that you have identified. One of the things that I would like to bring to your notice is that if you look at the market capitalisation, the market capitalisations are a function of the marketplace. So it depends on how the market recognises. We also find that

the share capital is different than that of ours but nevertheless we will continue to strive to work hard to do our best, because on a worldwide basis we are up against good companies such as Grindwell Norton and Saint Gobain and many other such companies worldwide and we will continue to do our best. Relative to bringing a closure, how do you close a gap constantly these are the gaps that we have, in certain areas we do better than them in certain areas they do better than us. We do have this healthy competition. We will strive through growth, efficiency and capability to narrow such gaps. The importance of R&D is extremely pivotal and centric to our business. In the past year, we have about 35 patents, design registrations and other trade secrets that we have developed. So this is something that we do each year. We approximately tried to have at least about 30 to 40 Patents each year and this is something that we analyse. We track it and we ensure that these patents not all of them can be monetized by us, there are some processed product patterns. We monetise some of them and we also try to see whether we can work with some of them that we do not monetise as well. In the last three years together we have roughly about in terms patents registrations etc. - we do about 30 to 40 each year. So in the last three years, we have done close to 100. We appreciate your comments on Nanotechnology and investments in Nanotechnology. We have been doing some work with the Centre for Nanofunctional materials at the Indian Institute of Technology, Madras particularly in the area of flame pyrolysis and some amount of Nanocoatings. We are also subscribers to this institution - this particular centre of excellence at IIT Madras. So we are cognizant of the fact that Nanotechnology is a growth area. Thank you for pointing it out to us and as we work closely with our colleagues at this centre, hopefully there will be more and more products wherein Nanotechnology is involved that we will be able to bring it to the market place in future.

We also have a few questions which have come through the portal. We have Mr. Satyendar Golla who wants to know if there is any bonus plan is there for the coming year 2021. The Board will consider it Mr. Golla at the appropriate time.

We have a question from Mr. Sushil Kumar Sukhani. What kind of turnover and profit impact do you see the half-year of September 2020? It's been a tough first quarter Mr Sukhani. We are working hard to improve on it during the second quarter. What is our current capacity utilisation? With the kind of restrictive orders on us, our capacity utilisation is 50 per cent all over in most cases. At prevailing prices don't you think it makes complete sense to do a buyback? The board will deliberate this. At this point in time, we have no such plans. We have another question that has come up from Maple Vyapar Private Limited. You want us to upload the presentation on the website and stock exchanges? It will be uploaded on our websites, sir. We will not be able to put it on the stock exchanges. So this simply covers the response to most of the questions or if not all the questions from shareholders. Then I will move on to the rest of the meeting.

This concludes the business part of the meeting.

The Instapoll facility will be activated now to enable members who have not cast their votes earlier through remote e-voting. This facility is available in the left-hand corner of the Video

Conferencing screen in the form of a 'Thumb' sign. Members can click on the same to take them to the 'Instapoll' page and vote.

Mr. R. Sridharan, Scrutiniser will submit a report to the Company after consolidating the remote e-voting and voting at the AGM.

As there is no other business to be transacted, I declare this meeting closed. I thank all the shareholders for connecting with us today. I also thank the Moderator and the KFin Technologies team for facilitating the video conferencing which enabled connecting with our shareholders across the world and the other service providers for ensuring conduct of the meeting.

Thank you very much ladies and gentlemen.

Stay safe and well.

Jai Hind.