

**60th Annual General Meeting of the Members held on Friday, 23rd July 2021  
through Video Conferencing**

**Board of Directors**

Sr. No.	Name of Director	Designation
1.	Arvind Goenka	Non-Executive Director
2.	Akshat Goenka	Managing Director
3.	Om Prakash Dubey	Independent Director (Chairman of Audit Committee, Nomination & Remuneration Committee & Stakeholders Relationship Committee)
4.	Arti Kant	Independent Director

**Transcript**

- **Mr. Rajib Gope** – Good morning everyone. I'm Rajib Kumar Gope, Company Secretary. A very warm welcome to everyone to the 60th Annual General Meeting of Duncan Engineering Limited. I have great pleasure in introducing my colleagues present in the meeting. Mr. Shrikant Rao- Head- Sales & Marketing, Mr. Fernandez Arockiaraj- Head- Operations.
- As you are aware, the company has provided remote e-voting facility to the shareholders. The shareholders who have not cast their vote on the resolutions through remote e-voting shall be eligible to vote through e-voting system during the AGM. Voting will be disabled after 15 minutes from the conclusion of the meeting. Later on in the meeting, the Chairman or any person authorised by the Chairman will take questions on Annual Report & accounts from the shareholders. Only speakers who have registered themselves will be allowed to speak or ask questions.
- In the absence of Mr. J.P. Goenka, Chairman of the Board, who could not attend the Meeting due to personal reasons, the Directors have elected Mr. Akshat Goenka, as the Chairman and Mr. O.P. Dubey as Vice Chairman for the Meeting. In case of any connectivity issue at the end of Mr. Akshat Goenka, Mr. O P Dubey will act as Chairman of the Meeting. Now I request Mr. Akshat Goenka to commence the proceedings of the Meeting.
- **Mr. Akshat Goenka** – Namaste, Good Morning ladies and gentleman! It gives me great pleasure to welcome you to the 60th AGM (Annual General Meeting) of Duncan Engineering Limited. This Annual General Meeting being conducted through Video Conferencing (VC)/ other Audio Visual Means (OAVM) is in compliance with the Circulars issued by the Ministry of Corporate affairs (MCA) and Securities Exchange Board of India (SEBI).

- As requisite quorum is present; therefore, I call the meeting to order. I would like to introduce to the members, my colleagues in the Board of Duncan Engineering Ltd. Mr. Arvind Goenka, Mr. Om Prakash Dubey, Mrs. Arti Kant. The representatives of our Statutory and Secretarial Auditor are also present in the meeting.
- The Annual Report for the financial year 2020-21 is already been circulated electronically to the members of the Company. With your permission, I shall take them as read. The Independent Auditor's Report on the Financial Statements and Secretarial Audit Report for the year ended 31st March 2021 don't contain any qualification or adverse remarks. Accordingly, they are not required to be read as provided in the Companies Act, 2013.
- The Register of Contracts in which Directors are interested, Register of Directors and KMP (Key Managerial Personnel) and their shareholding are available electronically for inspection by the members. I invite the speakers, to ask questions on Accounts & Annual Report.
- **Moderator** – Thank you so much, sir. I'm Nihar from Link Intime. I'm the moderator for the event. I request all the speaker shareholders while speaking please enable your video and keep your questions short and to the point of the agenda. Thank you. Now I will call out the speaker's names one by one. Our first speaker for the event. Mr. Shlok Dave.
- **Mr. Shlok Dave** – Hello, good morning everyone and namaste Mrs. Kant. Briefly, I would like to touch upon my background. I own a family office and we have invested across US, Canada, Germany, France, India & Singapore. I have not met you guys although I have looked at your group company and I'm very, very new to this particular company. So I'm sorry if my questions are slightly naive and very basic, but they would help me understand the company better. I've sent them but I'll just read them briefly. The first question is, can you please elaborate the plans that you have mentioned in the annual report about introduction of new products and also what is the state of our current offering in the market? Cause we have been there for a long time.
- How are current products doing, how do they stand against the competition with respect to cost, quality? And what is the USP? Can you please go into detail into the end user industry? You briefly mentioned them in the report, but can please go into some detail, exactly in what part of, I mean, how do we help our clients with our products? How are we placed in, in terms of preference for our customers? And what are we doing to improve our spending in the market? How long will the new products take to be commercially available? And what would be the total addressable market that you're looking at? How big these offerings can become over a period of time? You also mentioned in the Annual Report that there are measures that you're taking to increase the margins to 12% to 15% range. What are these measures? Can you please go into the details? Is it more towards cutting costs, rationalizing costs, or will these margins be improved because of better product mix going forward?

- How will the company manage the increasing commodity prices? Are we taking a hit there? How do we manage commodity prices in general? And what is the nature of pricing in the market? Is it easy to pass on the pricing? Do we have to negotiate? What is the, I mean the work in progress time, how, when you get the order, how long does it take to deliver? How do you, again, handle the commodities in that period? Is Kirloskar Pneumatic a direct competitor and otherwise, who are the biggest competitors? Will there be a need for additional CapEx to achieve either introduction of new products or increase the margins as you have mentioned?
- What are the trends in general realizations and gross margins, that you're seeing in the market over a period of time? Are your same product comparable product margins going up? Are they going down? Is there pricing pressure because of competition? What exactly is happening? And also the impact of value addition and better product mix on your USPs and gross margins. What is your current capacity utilization level? And if you're not operating at a hundred percent utilization, what would be the maximum revenue at hundred percent utilization? And once you reach that kind of, I mean, there is an associated operating leverage with a hundred percent capacity utilization, right? So what would be those margins? Can you also quantify the advantages of nonstandard orders that you talk about in your Annual Report? That 40% of your orders are apparently nonstandard orders, so can you quantify the, actually the commentary on both said, quantification and qualitative commentary on what are these nonstandard orders, this would be very helpful.
- Any plans to make imported components? You have mentioned that you import a lot of components, so is there any plan to do backward integration in terms of making your own components or develop local ancillary units who can supply those components? And what is the historical reason for this external dependence? Because we are not that big a company that we would need. I don't know. It goes both ways. Sometimes we are not big enough and hence we do not, we maybe we do not have backward integration cause of that. And sometimes smaller companies do their own stuff. So I do not know if you can take us through the historical reasons why this external dependency exists.
- Cost control I've already touched upon. And what's the overall vision for the company to become bigger, to increase your scale and again, CapEx wise, next two years, how are you seeing that? And working capital also, it's, I don't know, what is the standard for this industry in India. I have different numbers for different countries, right? So, what is the standard working capital? Are you happy with the working capital? Is it on the higher side as of now? Would you be able to rationalize it? And finally, is there any scope in developing new markets and new geographies? Are we competitive enough to offer our products outside India? Yeah, that's about it, Sir. Thank you very much for the opportunity.

- As I said, sir, I'm very new to the company. I do not know, I know the industry fairly well, but I don't know this company, in India that will, so any help from your side would be greatly appreciated. All the best, Sir. It's good to see so many people attending and everyone seems to be okay. I hope everyone stays healthy and safe. Thank you very much, sir. Thank you.
- **Mr. Akshat Goenka** – Thank you Mr. Dave for all your questions. They're certainly very insightful. May I request that we can go through the entire questions and then we'll answer them all together? So if you could have the next speaker, please.
- **Moderator** – Thank you, sir. Our next speaker for the event. Mr. Amit Bagaria
- **Mr. Amit Bagaria** – Am I audible?
- **Moderator** – Yes sir.
- **Mr. Amit Bagaria** – Good morning all. My previous speaker has asked a set of questions. I think that covers most of it, but Akshat, I have two specific questions. Like as we get into more customized products, the scalability or getting a large size becomes a challenge. So I just wanted to understand the strategy that is that we are looking forward that we'll have a more customized but a smaller turnover and a higher margin kind of a business. And if that's so, will it be possible for us to be a, say a hundred, one hundred fifty to hundred growth turnover in the next three, four years? And once we reach that size, what kind of operating margins can we have? Can it be 20% plus? So yeah, that's it. Thank you so much. The rest, I think our previous speaker has asked, so if you can answer that, that will be helpful.
- **Mr. Akshat Goenka** – Very good question Mr. Bagaria, will answer this also. Next speaker.
- **Moderator** – Next speaker for the event is Mr. Manoj Gupta.
- **Mr. Manoj Gupta** – Good morning. Respected Chairman, Board of Directors, fellow shareholders. My name is Manoj Gupta. I've joined this meeting from Calcutta. First of all, thanks to you and your team for a good result in this Covid time. And thanks to your company secretary and team that will help us to join this meeting through VC. Sir, how much amount you have spent on the CSR and where you have spent the maximum CSR amount. And what impact has come through due to Covid on our company. Some questions are covered. So I will not repeat that. And who is the nearest competitor?
- And sir, are you using hundred percent capacity today during this period? And sir, how much is your order book today? And sir, what is your plan to fulfill the vision of our Prime Minister, Make In India, to send your products to abroad with the logo 'Make

In India', and what's your future plan with CapEx? And sir, have you any plan to arrange a plant visit for the shareholders and how you will reward the shareholders on the eve of diamond jubilee completion of 60 years of the company? So how you will reward to the shareholders and the employees? Yes, generally we get a speech by the chairman in the opening remark, but chairman has not given any opening remarks about the company's performance in 2021 and future expectations. So what's his view and remarks about the future of the company? Thank you.

- **Mr. Akshat Goenka** – Thank you, Mr. Gupta. Good to see you. Any other speakers?
- **Moderator** – No sir. We can move to the next agenda.
- **Mr. Akshat Goenka** – Okay. So, thank you everybody for the questions, to assist me in responding to all the queries I call upon Mr. Shrikant Rao and any balance queries will then be addressed. Thank you. Shrikant, over to you.
- **Mr. Shrikant Rao** – Good morning everybody. I will start with Mr. Shlok's question. I think, the questionnaire, what Mr. Shlok had asked will cover most of the queries raised by Mr. Manoj and other people. So I will start, the first question was being placed is like, you know, what are our elaborate plans to introduce new products? So yes, we are launching new products. We are launching new products in FY 2023. So we are launching new products in competitive sensitive. So, I may not define it exactly but you know, we are working for critical applications for power, oil and gas segment, this product are. So we have lined up and we had strengthened our engineering team in recent past to get the new products specifically to be launched in FY 22-23. And against the question for what are our product offerings? We are product offering our general lead to various segments. It's the gamut of segments. What we are offering is wide so we are specifically supplying to power, steel, cement, automobile, and as well as in factory automation against which we hold a maximum share in market when it comes to power, cement and steel.
- And in terms of competitiveness, we provide quality products and product performance is at par with any overseas player. And when it's come to product cost factor where we are placed in terms of product cost. So, we would say we are above with the Indian and Chinese manufacturers who are there in the market, but we are below with when it comes to major MNC players or global players in India. So that gives us a good advantage over them. So we are not targeting any, very local Indian players or not Chinese players. So we are in between the both when it comes to product placing in the market. And what in terms of USP, what makes us different from other people in the market for the same product offering is customization with the big engineering background and coming to 60 years of old companies.
- So customization is our key strength when it comes to product offering. So that is a major USP, which other people are not able to offer. So second question was, how we are preferred in place of segment. To be very candid with this thing is, we are highly

preferred when it comes to power, cement and steel and factory. We are, as I told, we are as slowly going to launch new products in FY 2022-23 for critical applications. So we are also looking for oil and gas segments as well. The second question was how long will these take to be commercially available? These will be commercially over 2022-23 and our product most of the products are under design validation now, so we would be commercial by FY 23. So the third question margin, yes, the customized, I told the customization is our strength. So in customization, there is no a compare available with any of the customers or any of the competition, you know, in terms of the margins. So that helps or that yields a better margin.

- And next question was, how will the company manage increasing the commodity price? What is the nature of agreement with clients regarding the price pass through? Look, we have to divide this question into two. Part one is like major OEMs who are working for cement and steel segments. We have an annual rate contract with them and we revise our prices annually based on the exchange rate, changing exchange rate or, raw material price going up to a certain estimation. And in between if something goes on as per the agreement, we have the right to change the price with an advanced notice, even if it is a contract is for the annual that is part one for the regular OEMs or for the regular product. Second, as I told, due to customized product, we cannot have a rate contract with any customers or something. So every inquiry has to be dealt as a separate entity and has to be given a quotation. And quotation is based on the present raw price or exchange rate. Hence there is no passing through of the price of any taken in the quotation itself
- Is Kirloskar Pneumatic a direct competitor. No Kirloskar Pneumatic is not a direct competitor. They are in two generation of compress air where our products use compressor. So they are not a direct competitor. And how are the biggest competitor, who are the biggest competitor like. Festo, SMC, they are the biggest when it comes to pneumatic offering in India or maybe in overseas as well. These are the MNC player, which I'm talking about. And but the segment, what they are into in segment, which we are into in terms of pneumatic, we cannot say we are into a direct competition with them, but we are into somewhere at some point in time we are indirect competition. And direct competition with Duncan you can take Neles, which is erstwhile Rotex Automation.
- Another question, will there be a need of additional CapEx to achieve margin goals? No, for existing products, there won't be any need for additional CapEx. And yes, for the new product, there will always be a CapEx to achieve the margin goals. And against the capacity utilization, presently we are running into one shift. So if required we are godown capacity has to be grown, so we have available second and third shift as well. So capacity utilization is two third for the plant shift. And what can be the maximum revenues at hundred percent capacity utilization for the current cross block and what is the maximum margin level? So to answer this, our hundred percent capacity utilization revenue will go up by 33% which will, and we are targeting a margin of around 5% from that.

- **Mr. Akshat Goenka** – Clarify that, it'll go up by 33% only basis one shift and I think 5% Shrikant meant incremental margin of 5% keeping the base margin. Yeah. Thank you. Shrikant, go ahead.
  - **Mr. Shrikant Rao** – Thank you Akshat. Can you quantify the advantages of a non-standard orders as stated in the Annual Report? Yes. Being non-standard and lesser player into the picture, there is very less competition. If there is any competition, that comes from the B class or C class manufacturers in India. So we are anywhere preferred vendor for most of the segments. And, capability of doing non-standard order helps us to improve our engineering capability with most of the OEMS and even the end users. So that gives us a better preference in terms of pricing as well as getting orders easily for standard orders as well. So, that is the second one. And third, every business looks for a recurring business. And when you supply non-standard products to customers and for then use market, so that recurring business comes only to us product being non-standard.
  - So that's where, you know, our non-standard, has major advantages. And for the plans to make any imported component in house or to develop local supplier. What is a historical reason for this external dependence? Yes, we have some plans to do the in-house or develop the local supplier for the input. And yes, we have the plans, but there are certain technical, limitation because most of the product, what we are manufacturing, the precise product even, and for this high precision product, there are no similar product availability in India. So we have to be dependent on overseas. So that's how it has. So historically, our dependence is only because of the non-availability of those products in India. And what are the control measure? What are the control measure to in the annual report?
  - The control measure is typically value engineering. So, and also to constant lookout for the alternate vendor base and changing, in certain cases we can change or alter the of construction of the products so that, you know, the value can be controlled. And same, we are also constantly looking for this, change of suitable process, to do the cost control measures. And, how can we achieve the better scale of operation? Yes, improved process is always an answer for that. And adding to that, they're constantly looking out for alternate supply chain. And what is the nature of the Capex for the last two years? Yes, it is a mix of group of, it's a mixed growth like, product and process and, mix of product and processes like growth and sustainability when it comes to metal handling and all.
  - So is there any scope in developing new markets and geographies? Yes, we are trying to enter into different market. Presently we are, present in Australia and a part of Middle East. We are trying to enter Europe. But it's being a slow process, entering into because a lot of certification has to be done and which will be done once our new product and new segments will become. So we are trying to get into different markets, specifically in mining area, for manufacturers overseas. So, I think I have covered most of the questions. If something else is there, I'm glad to answer that.
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- **Mr. Akshat Goenka** – Thank you Shrikant. I'll also add a couple of points here, especially on the customized versus scale of question that was asked. So the answer to that is that it's going to be a combination of both. Customized is a current bedrock and that will continue to be, so it'll have its own natural rate of growth, but to really, really grow the company, take it a hundred growths plus 150 growths and those directions, we will have to enter some new products that will provide us scale. Now even in the products that provide scale, there are low margin products and there are, reasonably higher margin products. So we will focus on the products that give, slightly higher margins and we will not enter into the really low cost and low margin kind of products to get scale. Thank you. Also, I hope we've answered all the questions. If there are any questions that have been unanswered or that anybody would like more detail on, so please feel free to write to the Company Secretary Rajib and you know, we will make sure to answer those also.
- **Mr. Rajib Gope** - Mrs. Shaswati Vaishnav, Practicing Company Secretary was appointed as scrutinizer in connection with the e-voting process. The results of E-Voting will be presented to the Chairman of the Meeting. The results of E-Voting will be announced on receipt of the scrutinizers report. E-voting results will be announced within forty-eight hours from the conclusion of the AGM as required under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The result will be submitted to stock exchange and also hosted on company's website.
- With this, we have come to the conclusion of the meeting. I am pleased to propose a Vote of Thanks to the Hon'ble Chairman and to the entire Board of Directors. Equally I thank each one of you for being here; Thank you for your continued support and we look forward to the same in the years to come. Thank you so much.

The facility for e-voting on the Link Intime website was made available to those Members, who were present at the AGM and have not cast the votes by remote e-voting. This facility was closed at 10.45 am (IST). The proceedings of the annual general meeting concluded at 10.45 am (IST).